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NEWS SUMMARY

Wilson to act on mercenaries

The Government is to-day expected to announce moves to end the recruitment of British mercenaries for the war in Angola—a war in which many Britons may have died, Mr. Harold Wilson told the Commons yesterday.

As civil servants worked urgently to see whether the law is sufficient to deal with the mercenary recruiting problem or whether fresh legislation is required, the Prime Minister was unable to confirm or deny the reported execution of 14 British mercenaries.

But he said: "From all the facts available it appears probable that tragic incidents, including the loss of life of a number of recruited mercenaries, have taken place.

Meanwhile, mercenary leader John Banks, a 33-year-old former paratrooper, who has fought in Biafra, Vietnam and Kurdistan, spoke yesterday of a row between him and Security Advisory Services, the company which is sending Britons to fight in the Angolan civil war.

Mr. Banks said he had severed all connections with the business and was now trying to get the British recruits for the pro-West FNLA home. He claimed no knowledge of the 14 Britons who have been said to have been executed for refusing to fight.

He said that Colonel Callan, the Greek officer commanding the mercenary group was "capable of it" but he had "11 guys out there who just wouldn't let it happen." Nevertheless, he had witnessed 12 executions—not of mercenaries—in Angola under Callan's orders.

Mr. Banks claimed he had made no profit and lost £3,000 of his own money in the recruitment campaign.

Mr. James Callaghan, Foreign Secretary, last night asked the Belgian Government to see if it could find a way to stop British mercenaries bound for Angola flying from Brussels. Mr. Renaat van Elslande, Belgian Foreign Minister, told Mr. Callaghan his Government would report back to London to-day.

The European representative of FNLA last night denied "to the best of my knowledge," reports of the executions. The information came, said Mr. Colin Taylor, in a call to the office of FNLA President Holden Roberto, in Kinshasa.

Pages 5, 7 and 12.

GENERAL

Quake toll may rise to 50,000

The final death toll in the Guatemalan earthquake could reach 50,000, a senior relief official said yesterday. Discovery of new destroyed villages has increased the official casualty total thus far to 17,500 dead and 40,000 injured.

One thousand blankets from Help the Aged left London yesterday in Britain's first aid contribution. Other supplies sent from Belize were reportedly turned away.

Last night troops were trying to maintain law and order, five looters having been shot dead in the past 24 hours. The Red Cross warned that thieves, posing as medical staff, were touring makeshift encampments to rob refugees. Page 4

Ulster threat

A new security crisis, which has left nine people dead since the end of last week, was last night threatening the continuing attempts to reach political agreement in Ulster. Page 9. Dr. Tiede Herrema, the Dutch industrialist kidnapped last year by the IRA, is to return to Holland. Men and Matters, Page 14

Inquiry halted

The public inquiry at Shipley, Yorkshire, into the Aire Valley road scheme has been abandoned by Mr. John Silkin, Planning and Local Government Minister, after nine attempts. Page 8

Bernhard probe

The Dutch Cabinet yesterday set up an independent inquiry into the alleged $1.1m. payment to Prince Bernhard by Lockheed. Back Page

Skipper prince

Prince Charles yesterday took command of the 360-ton minehunter HMS Bronington at Rosyth in Scotland.

Briefly . . .

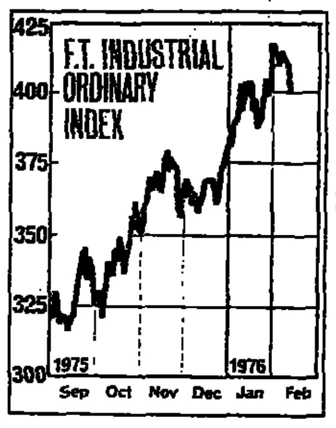
British Leyland Motors, U.S. importer of a variety of British-made cars, said it is recalling 911 Jaguar 1976 models for installation of two more non-return valves in the fuel system.

Innsbruck Olympics. Britain's John Curry took the lead in the men's figure skating and seemed set for the Gold Medal. Page 2

BUSINESS

Equities start Account down 8·1

● EQUITIES started the new Account with sharp falls due to fears that the fall in interest rates is over, and talk of large



fund-raising in the banking sector. The FT-30-share index lost 8.1 to 399.6 after being down 9.7 earlier.

● GILTS suffered losses of up to 1¼ in longs. The Government Securities index closed 0.50 lower at 63.34.

● GOLD lost $1 to $130.

● WALL STREET closed 2.28 up at 957.18.

● U.S. TREASURY bill rates were: threes 4.872 (4.811), sixes 5.123 (5.066).

● JOVIEL PROPERTIES has filed a winding-up petition after a deficiency of $672,000 in shareholders funds had been disclosed. The major creditors, FC Finance and Lombard North Central, took control of secured sites. Page 8

● SHELL/ESSO's Auk field should start production in the next seven days. Page 8. Shell Chemicals is raising the prices of 60 of its products by an average 8.4 per cent. Page 9

● MOSCOW NARODNY BANK is to repay Creditanstalt $3m it has been holding against non-payment of funds due under three letters of credit. Page 30

● FERRYBRIDGE "C" shop stewards threaten industrial action if the "Ferrybridge Six" are re-employed. Page 11

● 6,000 BURTON Tailoring group workers have won a closed shop agreement as part of a pay and procedures package. Page 11

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Caird (Dundee)	35	+ 5
Channel Tunnel	65	+ 10
ERF	30	+ 5
SPR Invs.	88	+ 6
Silentnight	53	+ 3
Unerman	56	+ 5
Westland	65	+ 5
Botswana RST	62	+ 6

FALLS

Treasury 12½% 1992	£96	— 1¼
Treasury 7¾% '12-15	£57¾	— 1
Barclays Bank	315	— 15
Beecham	340	— 9
Berkeley Hambro	158	— 8
"Bats"	560xd	— 10
Cater Ryder	275	— 10
Commercial Union	142	— 6
Courtaulds	155	— 4
EMI	251	— 6
Eagle Star	156	— 6
Fisons	388	— 12
Gen. Accident	175	— 6
GUS "A"	215	— 8
Hawker Siddeley	408	— 6
ICI	373	— 5
Land Secs.	155	— 4
Lloyds Bank	245	— 15
Lowe and Brydone	25	— 5
Newman Inds	36	— 7
Pratt (F.)	67	— 5
Ratcliffe (F. S.) Inds.	40	— 12
Reardon Smith "A"	90	— 8
Thorn Elect.	248	— 8
Tube Invs.	338	— 6
Wadkin	67	— 5
Shell Transport	378	— 6
Wood-side-Burmah	123	— 8
De Beers Dfd.	319	— 5
Pancontinental	£15¾	— ¾
Peko-Wallsend	510	— 20
Tanganyika Cons.	168	— 6

Inflation rate still slowing despite new price reviews

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

Despite a fresh round of annual price reviews in British industry during January, there is every sign that the rate of inflation in the U.K. is continuing to decelerate.

At the same time, the picture given by the latest official retail sales figures and up-to-date reports from the trade is that while the downward trend has been stopped, the volume of sales remains very depressed, and significantly below the levels of a year ago.

The general reading of the trend of the price and consumer spending statistics is that they are unlikely to move the Chancellor from the course he appears to have embarked on—namely a marginal stimulus to the economy this year.

The extent of the relief on personal tax rates in the Budget will depend on how low a figure the TUC is prepared to accept as the Stage Two incomes policy norm.

New indices for the wholesale prices of both raw materials and finished goods leaving the factory gates show that, with the notable exception of food, price increases have certainly slowed in recent months.

The wholesale indices give advance warning of movements in the politically sensitive retail prices index, although they do not cover services, rates and other items which enter into the cost of living.

In January alone, the average prices of goods leaving the factory gates went up by 1¼ per cent., according to Department of Industry estimates.

This figure in itself reflects the heavy bunching of industrial price increases at the beginning of the year, and should not be taken as indicative of the average monthly rate.

Between January 1975 and January 1976, the wholesale output prices index went up 18½ per

WHOLESALE PRICES
1970=100

		Output prices (home sales)	Material prices
1972		114.8	109.2
1973		123.2	144.5
1974		152.0	215.3
1974	4th	164.9	222.1
1975	1st	176.0	220.9
	2nd	186.3	225.6
	3rd	193.4	239.3
	4th*	199.1	255.4
1975	Dec.*	201.5	258.4
1976	Jan.*	204.9	260.4

* provisional

cent., compared with a 20½ per cent. rise between December, 1974, and December, 1975.

In the three months November to January, the rise worked out an annual rate of around 17 per cent., compared with some 27 per cent. in the corresponding period of 1974-75.

Behind this deceleration lie the tighter monetary policies which have been operating in the U.K. for a considerable time now, the slow-down in the rise of raw material prices, and the easing in wage cost pressures during the latter part of 1975.

Associated with this has been the sheer difficulty for companies of passing on price increases in the depressed home market.

The relatively bright raw material price picture has persisted and in the three months to January industry's basic material costs went up on average by only 2½ per cent.

In addition to fairly stable commodity prices, another key factor over this period was the relative calmness of the sterling.

But behind the average movement lies a much more adverse movement in food material prices, which shot up 7 per cent. over this period.

During January alone, a ½ per cent. increase in the average raw material price index was accompanied by another 1½ per cent. rise in food material prices.

A major factor here has been what is being dubbed "the fish and chip" syndrome. Both the effect of the dry summer on potato prices, and the U.K.'s fishing problems probably need no further comment in this context.

The food material trend casts an unpleasant shadow over a general picture which must be pleasing to the Government as preparations for the Budget and Stage Two of the incomes policy get under way.

Secondary bank rules to be tightened up

BY JOHN HUNT

THE PROTECTION of Depositors (Accounts) Regulations 1963, the accountancy regulations which cover the secondary banking sector, are to be tightened up as a result of the collapse of London and County Securities and the criticisms made in the subsequent report by inspectors of the Department of Trade.

Mr. Peter Shore, the Trade Secretary, is now working out amendments to the regulations with officials of his department. No new legislation is necessary as the regulations were enacted under the Protection of Depositors Act.

An order implementing the changes will be laid before the House and MPs will probably have an opportunity to debate them.

An indication of Government thinking was given yesterday when Mr. Shore told the Commons: "The whole report and other reports recently from the Department of Trade indicate clearly the need for much stronger regulatory powers, not only in the company sector generally, but specifically in secondary banks."

The regulations require additional information to be given with the annual accounts of a company, in particular in relation to dealings with certain property companies.

The report of the Department of Trade inspectors criticised loopholes in the regulations and said that they should be closed. It particularly criticised the situation that arises where a deposit-taking organisation, such as a secondary bank, makes substantial loans to a property company. In some cases, although the deposit-taking organisation advances most of the money for a development, it does not have to give details in its accounts.

The inspectors also said that under the present regulations there was inadequate information about the size of individual advances and it was therefore not clear from the accounts if substantial amounts were tied up in individual ventures.

They suggested there should be some analysis of the size of loans on the lines laid down in the Building Societies Act.

The report made three other suggestions to be covered in any alterations in the regulations: 1. Loans where interest is deferred should be shown separately. 2. More particulars should be given of the period for which advances are made. 3. Loans to associated companies and to companies in which directors of the company are interested should be disclosed under appropriate headings.

Mr. Shore told the House yesterday that he would be looking much more carefully at the whole role of auditors as a result of the criticism which his department's inspectors have made of Harmood Banner and Co. (now part of Deloitte and Co.), the auditors in the London and County affair.

The appropriate professional accountancy body was already inquiring into the criticisms the inspectors made of the auditors, he said.

Michael Lafferty writes: Mr Shore's remarks highlight the growing volume of criticism of current auditing standards since the London and County affair.

The Institute of Chartered Accountants in England and Wales is known to be gravely concerned about the matter and all the indications are that it is giving intensive considerations to all the issues arising.

Preparations are already in hand to set up an auditing practices committee, in association with the other accountancy bodies, which will issue definitive auditing standards binding on all auditors.

In addition, the institute is planning to increase its capability for monitoring company accounts. In cases where breaches of accounting standards are discovered, this involves the institute seeking explanations and corrective action the following year from the auditors and any chartered accountant finance directors on the Board of the company concerned.

● Mr. R. V. Atkins, an audit manager with Harmood Banner and Co. at the time of the firm's audit of London and County Securities, says he accepts the reply which he has received from the L and C inspectors to his recent request for amendment to the inspectors' report.

In their reply, the inspectors—Mr. Andrew Leggett and Mr. David Hobson—say they agree with the matters raised by Mr. Atkins in his letter but it is not open to them to amend their report.

"In any event, we are confident that no one could construe our report as containing any criticism of your."

Parliament, Page 12

Prudential move on Newman

BY MARGARET REID

PRUDENTIAL Assurance is understood to be taking legal proceedings seeking a declaration that Newman Industries' circular last June proposing its controversial deal for the takeover of holdings in several other companies, is a misleading one.

Should the action by the Prudential, which comes at a time of growing City interest in the role of institutional investors, succeed, it would throw the Newman transaction, already the subject of considerable storms, into fresh uncertainty.

Meanwhile, Newman Industries said yesterday that it would, as soon as possible, publish fully for its shareholders the contents and conclusion of the joint report prepared on the deal by merchant bankers J. Henry Schroder Wagg and Mr. Jeremiah Harman QC.

The report was commissioned last summer after criticism of the transaction, involving the £525,000 acquisition by Newman of stakes in four other public companies from Thomas Poole and Gladstone China, also headed by Mr. Alan Bartlett, Newman chairman.

The deal was attacked at that time both by the Prudential, with a 4 per cent. shareholding in Newman, and by Mr. Angus Murray, a non-executive director.

Last Friday, at a Newman Board meeting, directors were asked to endorse publication of a statement that the Schroder-Harman report concluded the deal had been "not unreasonable."

Mr. Murray declined to accept the statement as it stood since he had always understood that the report would be made available to all shareholders. All the other directors present then signed a document asking for his resignation.

Under the Newman articles, it is understood that a resignation so asked for would be valid, however unusual the procedure where a matter of policy was in question.

Mr. Murray said last night of the Newman Board's intention to publish the Schroder-Harman report: "I welcome it; it's what I've striven for since last July."

At a stormy special company meeting of Newman last July, shareholders narrowly approved—despite opposition from the Prudential and other institutions—the proposal to buy the holdings in four other public companies. A further proposal that it should acquire the right to buy some 19 per cent. of Thomas Poole and Gladstone China, from Strongpoint, a company partly owned by Mr. Bartlett, was not put.

Newman indicated last Friday that it was not now to ask shareholders to agree to its proceeding with the previously planned purchase of the Thomas Poole and Gladstone China stake.

Before July, the Prudential sought, but failed to obtain, an injunction to prevent the proposals being put to the special meeting before the Schroder report was available.

It is understood that it issued a writ in December seeking the declaration that the June 1975 circular proposing all the takeovers was misleading.

The action by the Prudential, Britain's largest insurance group, comes at a time when public attention has been increasingly focussed not only on the influence of institutional shareholders but on the role of non-executive directors.

Currency unrest as Spain devalues

By Colin Millham

RECENT SPECULATION about a possible realignment of the currencies in the European "snake" gained further momentum yesterday following a devaluation of the Spanish peseta by 11 per cent.

Sterling fell to its lowest ever closing level against other major currencies, as both the pound and the U.S. dollar lost ground to the stronger European currencies, particularly the West German mark and Swiss franc.

The Bank of England's calculation of sterling's depreciation widened by 0.1 per cent. to 30.3 per cent., equal to the lowest levels touched during trading in early December. There was little interest in the pound yesterday, however, and the lack of pressure on sterling enabled the Bank of England to remain out of the market.

The pound finished at $2.0280 against the U.S. dollar, a gain of 10 points on the day, and the U.S. unit was weaker in terms of most other major currencies. Its depreciation, as calculated by Morgan Guaranty, widened to 2.80 per cent. from 2.66 per cent.

Unrest, caused partly by the recent political and economic problems in Italy has given rise to suggestions in the foreign exchange markets that the stronger European currencies, notably the West German mark and Dutch guilder, may be realigned against the weaker members of the "snake," for example the French franc. The Swiss franc has also been very firm lately, but this is not a member of the European joint float.

Support

The French franc remained under pressure yesterday, and received further substantial support from the Banque de France.

The relative weakness of the Belgian franc and Danish krone has led to recent support for these currencies by the Dutch central bank, under an agreement between the three countries, to maintain agreed levels within the limits of their joint float. There was no evidence of further assistance yesterday, however.

Two of the weakest European currencies, sterling and the Italian lira, are not part of the "snake." The lira's depreciation, on the Morgan Guaranty basis, widened yesterday to 40.95 per cent. from 40.11 per cent., a fall of 10.23 per cent. since the closure of the Italian foreign exchange market last month.

Spain devalues, Back Page

TUC wants £2bn. boost to economy

BY JOHN ELLIOTT, LABOUR EDITOR

A BID for the Chancellor of the Exchequer to encourage a "balanced growth" in Britain's economy, in return for continued trade union co-operation with policies aimed at rapidly reducing the rate of inflation is to be considered by TUC leaders at a key policy meeting to-morrow.

The TUC wants the Chancellor to introduce a new low income tax rate to help the worst off and to use his April Budget to boost approaching £2bn. The unions consider that this would raise the country's economic growth rate by 3 per cent. when combined with some selective but wide ranging import controls.

While carefully turning its face against a "consumer led boom," the TUC says that an initial boost of 1.9 per cent. to the country's gross domestic product is needed and puts higher pensions and help for the worst off high on its list of priorities.

It calls for special legislation aimed at curing the "poverty trap" by introducing an intermediate tax rate below the standard rate to be applied to the first £500 of annual income.

Together with improved family allowances, this would boost overall demand, according to the TUC's figures, by some £1,000m. This could be partly offset to the tune of £150m. by stopping some tax deductions on mortgages, retirement annuities and pension contributions, the TUC suggests.

On a broader industrial front, the TUC wants the Government to spend £50m. by reducing VAT rates by 5 per cent. for certain industries such as electronics, another £90m. on money for the Manpower Services Commission, £100m. on boosting housebuilding, £60m. on job creation and temporary employment subsidies, £50m. on industrial stockbuilding and £250m. on the National Enterprise Board.

These items, together with £450m. extra on higher pensions, total approaching £2,000m.

These proposals are laid down in drafts for the TUC's annual economic policy review which are to be considered to-morrow by the TUC's economic committee. They stand alongside proposals reported on Saturday for methods to be developed gradually for fixing a national salary ceiling of £20,000 a year and of reforming Britain's banking and industrial investment systems.

At the same time the draft policy document also accepts the need for a continuous incomes policy and says in its opening chapter reviewing the progress of Labour's social contract: "There is now clear evidence that the battle against inflation is being won, and that the Government's target inflation rate of single figures will be reached by the end of 1976."

While praising the "unity of purpose and method" between the Government and the TUC, the TUC will also be warning the Government against expecting any commitment to detailed figures for the next stage of the pay policy before late spring or early summer.

They are unlikely to want to go much further in the immediate future than the suggestions in their draft that an inflation target "well below 10 per cent." should be achieved within a year. This is despite suggestions that Mr. Denis Healey, Chancellor of the Exchequer, would like them to be more specific before he finalises his Budget.

Continued on Back Page

FEATURES

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LOMBARD

Disappearance of OPEC's surplus

BY C. GORDON TETHER

ONE sensational conclusion that emerged from the IMF's latest breakdown of the international payments picture was that the advanced countries as a group had moved back into overall surplus a bare two years after the oil prices explosion precipitated them into massive deficit—a deficit so massive, in fact, that it was generally accepted that they would need at least ten years to eliminate it.

An even more sensational revelation the analysis threw up, which has attracted much less attention was that the oil-exporting countries had, at the same time, swung into overall deficit. For it seemed quite inconceivable that their payments circumstances had been changing in such dramatic fashion that the $40bn. overall surplus they were clocking up by the second quarter of 1974 had dwindled away to nothing in little more than 12 months.

In the event, it looks very much as though the procedure the Fund follows for the purpose of monitoring the behaviour of world payments patterns may well have exaggerated the extent of the new turn in the fortunes of the OPEC group.

Thus what it does is to measure the combined effect of all the movements recorded in the conventional reserves of individual countries—gold, SDRs, officially held foreign assets and so on. And as it is careful to point out in its commentary on the significance of the latest quarterly analysis, there are strong indications that the OPEC countries have of late been devoting an increasingly large proportion of their surpluses to the accumulation of reserves in non-conventional forms.

No question

It is naturally intriguing to consider what these non-conventional reserves are and why the oil-producing countries prefer them to the standard fare. But the main relevance of this state of affairs to an inquiry into the present position of the world's payments scoreboard consists, of course, in the fact that it means that the oil-producers are doing much better than the published statistics suggest.

At the same time, there can be little doubt that the OPEC surplus has been contracting a good deal faster than had been generally foreseen. And since it is known that some members of the group have continued to run sizeable surpluses, it follows that in other cases there has actually been a swing back into overall deficit — and this within little more than two years of the leap into fantastic surplus.

The reasons for this are, of course, fairly well-established. To begin with, the demand for oil has been materially reduced by the steep rise in its price and the world-wide recession which that helped to precipitate. This has produced a considerable falling-off in the foreign exchange earnings of the OPEC countries from the high levels reached in the early days of the oil prices explosion.

Alongside this, there has been a spectacular rise in their outgoings. For one thing, they have greatly expanded their contributions to the flow of finance to less fortunate developing countries. For another, many of them have been indulging in a buying spree in the consumer goods as well as the armaments sectors which has sent their foreign exchange outgoings rising by leaps and bounds.

It is evident from this that the new situation has been brought about in substantial measure by the oil-producing countries themselves and, to that extent, must be as welcome to them as it is to the rest of the world. Yet there can be little doubt that the speed with which the formidable payments strength they instantly created in 1973 has been eroded has come as a considerable shock to them. And the sobering effect of this on their attitudes to the outside world is likely to be seen in all directions in the year ahead.

A dialogue

The Director-General of the Kuwait Fund for Arab Economic Development, Mr. Abdlatif Al-Hamad, gave clear notice of this, indeed, in an article setting out "An Arab Point of View on International Finance" he contributed to a recent issue of International Development Review. Though, he said, the skies over the Middle East were still black with birds with great new get-richer-quicker plans under their wings, the happy days of "easy money" were over there too. Many a visitor had learned how fast the Middle East was learning the rules of the game.

In this situation, the advanced countries will, if they are wise, tread very carefully indeed. There must be no inclination to "crow over" the contraction in the OPEC countries surplus. That would be the easiest way to encourage them to try to recreate it. Rather should it be argued that the experience of the past two years shows how essential it is to develop a meaningful dialogue between oil producers and consumers with the aim of establishing their relations on a sound and mutually advantageous basis for good.

WINE

Lasting qualities

BY EDMUND PENNING-ROWSELL

ONE OF THE questions often asked about a wine is how long will it last; and the answer, irritating to those seeking instant information and certainty, is that it all depends. Unfortunately, or perhaps often fortunately, indeed it does. First, beverage wine may be divided into two categories: ordinary wine, that the EEC now classifies as table wine (*tafelwein*), and which forms the bulk of the world's production and fine wine, which may roughly be equated with vintage wine.

If it is any satisfaction to anxious inquirers, much more wine is drunk before it is ready than after it has passed its peak. Though this applies far less to ordinary wines than to the finer types, most wine, particularly red wine, can do with a little more time to settle down than it usually receives. For ordinaires and branded table wines this should not mean more than a year or so, and even less for white wine, which is especially subject to oxidation and maderisation, when it darkens to the colour of madeira.

Major factor

First to be discussed is white wine, as in general it lasts less long than red. It is not just a matter of alcohol, for many of the finest German wines are very low in alcohol, but have a good balance between fruit and acidity. One major factor in the preservation of all wine, and most noticeably in white wines, is sufficient acidity: otherwise the wines become flabby and flat-tasting. Yet to last, a white wine must also have fruit and body. Acidity is not enough, and indeed some rather thin wines such as Muscadet have too much of it, and then the wine tastes sharp and "green." So too do the local wines that the Cognaçais and the Champenois wisely turn into brandy and sparkling wine respectively.

Although it is true that white wine usually keeps less well than red, it is wrong to believe that in the interest of what is sometimes publicised as "youthful freshness" it should all be drunk up when young. No doubt this helps the growers and merchants to empty their cellars, but is not always to the benefit of the consumer, who may have paid a reasonably large amount of money for a wine he hopes to drink at its best. To take one example: it would be a pity to drink a fine Montrachet as soon as it is in bottle, perhaps less than two years after the vintage.

I myself have had an unusual example of the longevity of this particular wine. A few years ago some 1929 Montrachet from the estate of Baron Thénard came up for sale at Christie's. It had been bottled by Berry Bros. of St. James's Street, and shipped across the Atlantic soon after the end of Prohibition. The American owner having died, the wine made a second trip across the Atlantic, still in its original cases, and several dozen were offered for sale.

I would not have considered bidding for a white burgundy already over 40 years old, if I had *not* had the opportunity of tasting it before the sale—along with some 1929 Chablis Valmur and Grenouilles from the same source. All were sound, the Montrachet exceptional. So I was fortunate to secure a case at a price moderate for the quality of the wine. Some I passed on to others, but every bottle that I have drunk has been very fine, a big fruity glass of wine, still surprisingly pale in colour, with a powerful, flowery aroma. Certainly one would have guessed it at least 20 years younger. Perhaps one reason for it keeping so well is an exceptionally high alcoholic strength. For to satisfy the U.S. customs Berry's had stuck a label on each bottle, stating the strength as 15 degrees—two or three more than one would expect for a white burgundy.

That is not to say that all fine white burgundy should be kept or would last anything like that long. Ten years is probably enough, although examples from exceptional years like '45 and '59 can still be excellent for those who enjoy the deep flavour of older white burgundy; though it should not be allowed to become heavy-tasting or flat. It all depends on the vintage, and a wine bottled at source is likely to keep longer, for it will have been less subject to risk of oxidation. Moderate years like 1970 may last in the sense that they will not go off or turn to vinegar, but they soon grow increasingly lifeless and flabby. Really off-years like '65 and '68 need drinking up within a few years of being made.

Harmonious

If it is conceded by many that white burgundy can last fairly well, fewer realise this about dry white Graves. Of course it depends on the vintage, but the late Henri Woltner, who at Laville-Haut-Brion produced one of the handful of really distinguished dry white Bordeaux, always maintained that a good vintage should be kept for at least ten years, when it would have become much more harmonious. Even an off-vintage Graves, when well made, may remain drinkable for a remarkable period. Only last autumn in Bordeaux I drank a 1938 Laville-Haut-Brion that was clearly an old wine, a bit heavy but certainly not maderised.

White wines generally thought not to last particularly well are the Rhines and Moselles. With lesser qualities and minor vintages this is true. There is no point, for example, to-day in keeping the '73s, for though attractive they are not exceptional and unlikely to improve. And most wines from the better pre-1971 vintages are now showing their age; but not the '71s or the auslese and upwards class of older years that produced such luscious wines. The '71s were nearly all exceptionally fruity and sweet, with an unusually high proportion falling into the spätlese and auslese class. These were attractive enough when first offered here in 1973, but all the experts maintain that with some more years in bottle, they will become finer and less obviously sweet. They have been likened to the '53s. Last autumn I sampled *half-bottles* of Steinberger beerenauslese and trockenbeerenauslese '53 that were in wonderful condition.

Air the enemy

Much of course depends on how well a particular wine has been made, when it was bottled and, perhaps most important, the quality of the cork. Air is the enemy of wine. I have tasted young white wine still fermenting, yet showing signs of oxidation. White wine is usually bottled earlier than red in order to maintain its freshness for, in general, it lacks the preservative quality that tannin in the skins contributes to red wine. If the cork lets in too much air, the wine will be ullaged and will darken; and colour is as good a guide to a white wine's life-span as anything else. Once it begins unmistakably to deepen in colour it probably should be drunk. Yet at Christie's recently a bottle of the certainly celebrated, and doubtless wonderful Yquem '21, and sold at a fabulous price, was as dark as full golden sherry. Years ago I acquired a few bottles of this wine, which had been kept for many years in a cellarless, but probably cold, Wiltshire house. Then about 30 years old it was much paler than bottles I drank about the same time in Bordeaux, where the temperature is warmer.

Of course a dark-coloured wine can still taste well. At the German wine exhibition in London last September an half-bottle of 1727 Rüdesheimer Apostelwein from the famous Bremen Ratskeller was opened. It looked, smelled and tasted like fine madeira, yet it was still perfectly sound.

The lasting qualities of red wine will be discussed in two weeks' time.

WINTER OLYMPICS — MEN'S F

Superb Curry moves closer to gold

INNSBRUCK, Feb. 9.

EUROPEAN champion John Curry of Britain moved closer to winning the Olympic men's figure skating title by taking the lead in to-day's short programme of compulsory moves. Curry, 26, jumped ahead of Soviet world champion Sergei Volkov with a typically artistic and superbly-executed routine marred only by two very small slips.

His programme got him average marks of 2.8 points for the required elements and 5.9 points for presentation. Volkov scored considerably lower and lost the lead he held after yesterday's compulsory figures.

Curry has every reason to be pleased. His coach, Carlo Fassi,

commented: "I am happy. If he doesn't do a crazy thing, he should have it now."

In other Olympic action, Soviet skier Galina Kulakova forfeited her five-kilometre cross-country bronze medal after failing a routine dope test, and East Germany's Ulrich Wehling retained his Nordic combination title.

With the free skating—counting for 50 per cent. of the total—scheduled for Wednesday night, Curry leads with 86.84 points and 13.5 placements compared to Volkov's 85.28 points and 21 placements. Of the two, Curry is considered a far better free skater.

Jan Hoffmann of East Germany, the world champion in 1974 who missed last season because of injuries, advanced one position to third place, ahead of Vladimir Kovalev of the Soviet Union.

Mrs. Kulakova forfeited her medal because she took nasal drops for a cold the night before the race. But the International Olympic Committee, while denying her her bronze medal, said she could still compete in other events.

"It's an unhappy case," said Prince Albert de Merode, chairman of the IOC medical commission. The compromise decision came after a urine test revealed traces of ephedrine, a drug on the IOC black-list.

"There were extenuating circumstances," the Belgian prince said. "The ephedrine was found in a very weak concentration, but taking medicine to treat an illness is no excuse. There are other medicines to treat this sort of infection."

Ephedrine, commonly used to combat colds, is the drug that has figured most often in doping cases in top-level sport. The IOC, announcing that the bronze medal would now go to Mrs. Kulakova's team-mate, Nina Baldycheva, warned competitors not to take any medicines without the advice of their doctors.

The prince explained that the quantity of ephedrine revealed by the test was too small to have affected Mrs. Kulakova's race performance, "but we just cannot afford to open the door to abuses. Taken in larger doses, the drug can expand your lung capacity."

At Seefeld, East Germany kept up the pressure on the Russians

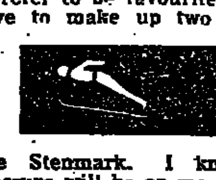
To-day's programme: 7 am: Women's figure skating, compulsory. 8 am: Two-man toboggan. 8.30 am: women's 10 km cross-country. 9.30 am: men's 500m. speed skating. 11.30 am: men's giant slalom, second run. 1 pm: ice hockey.

in the chase for medals when world champion Ulrich Wehling retained his Nordic combination title. Despite his disappointing 13th place in the cross-country section, Wehling held on to his overnight lead on the strength of his outstanding ski jumping. West German Urban Hettich took the silver.

Italy looked ready to score its first win of the Games when Gustavo Thoeni opened up a gap on all major rivals in the first leg of the men's giant slalom. Thoeni, the world ski cup holder, produced a storming finish on the 1,525-metre Axamer Lizum course with its 63 gates to clock 1 minute 44.14 seconds, 41 hundredths of a second faster than Switzerland's Ernst Good and 1.22 seconds clear of a second Swiss skier Heini Hemmi.

The first leg was a disaster for host nation Austria. Two of their skiers, Thomas Hauser and downhill gold-medallist Franz Klammer, did not finish and their top giant specialist, Hansi Hinterseer, was left 2.27 seconds back.

Thoeni said that despite his lead he was far from certain of winning to-morrow as the second run was very steep and it would be easy to make mistakes. "But I prefer to be favourite than to have to make up two seconds



like Stenmark. I know the pressure will be on me but I do not think that will stop me sleeping to-night."

The world's best male speed skaters begin their race for medals to-morrow. It is likely to turn into an assault on the record books led by Norway and the Soviet Union. The women's programme ended yesterday with Olympic records in all four events broken 32 times and one world record seriously challenged.

The Norwegian men have won more Olympic speed medals over the years than any other nation—16 golds and 52 overall, compared with eight golds and 14 in all for the Soviet Union.

British tobogganists Jeremy Palmer-Tomkinson and Michel de Carvalho, ready to give up after a spill and disappointing practice times for to-morrow's two-man event, today gave themselves a reprieve after a better final training run.

Their final training time was 45.514 seconds, a distinct improvement on the 46.233 and 46.133 of their two other starts to-day and their crash in yesterday's first timed run. "We had a silly start and came off at the first bend," said Palmer-Tomkinson.

Reuter

TENNIS — KING'S CUP

Cox joins U.K. challenge

WE ARE now almost at the half-way stage of the King's Cup competition, revamped this year as a league event in two divisions with a new title, the European Nations Team Championships, and sponsored by Saab Scania, the Swedish motor group, writes John Barrett.

Britain finds herself in fourth place in Division I with three wins and two losses behind Germany and Hungary which each have five wins from six matches and France which has won four times. Thus to-day's match against France at Meadowbank Stadium, Edinburgh, and Friday's tie there against Sweden will have a significant effect on Britain's chances of winning the trophy.

The inclusion for the first time of Mark Cox, who reached the semi-finals of last week's WCT tournament in Barcelona where the American Eddie Dibbs beat him, should boost our hopes.

The nations in the last three places, Italy (two points), Spain (one) and Yugoslavia (nil) are the three countries against whom Buster Mottram, Roger Taylor and John Lloyd recorded the three British victories—all by 2—1 margins—in their first three matches.

The 2—1 defeat in Hungary against Balacz, Taroczy and Peter Szöke was not altogether a surprise for these are two of Europe's brightest young men. Nor was last week's defeat by Germany, also by two matches, entirely unexpected either because two members of the German team—Jurgen Fassbender and Hans Pohmann—were in the team that inflicted a surprise Davis Cup defeat on Taylor, Cox and John and David Lloyd in Munich in 1973.

The mainstay

Yet its manner was disappointing. Mottram, the mainstay of the three British victories to date, failed disappointingly against 22-year-old Ulli Pinner—a man he had beaten 6—1, 6—3 in the 1973 Galea Cup campaign—after Taylor had succeeded 7—6, 6—7, 7—6 against Fassbender.

Even then all was not lost. Taylor, partnered by a vastly improved John Lloyd, held a match point against Fassbender and Pohmann for a two-sets win before being worn down by a pair with the best 1975 European record after Spain's Manuel Orantes and Juan Gisbert. In fact they even beat the Spaniards last week in the final doubles to help Germany to their 2—1 victory over Spain.

Launched in 1936 by the Swedes and first won by France, the King's Cup was named after King Gustav V of Sweden, who was a keen player. Contested on a knock-out basis, it was dominated in its early years by the Swedes and Danes with a lone Yugoslav victory in 1963 and four successive British wins between 1964 and 1967 in which Taylor had a part.

Since then, Czechoslovakia, France, Italy, Spain and Sweden have all been successful and over the years one has watched all the prominent European players cutting their match teeth in this competition, from Sven Davidson and Kurt Nielsen to Mike Sangster and Pierre Darmon, from Manuel Santana and Nicola Pietrangeli to Bjorn Borg and Manual Orantes.

This year's competition, with its new formula, will offer total prize money of £62,500. The one-night matches will continue until March 14 and the eight nations in Division I will divide £50,000 between them, the winner taking £15,000 and the nation placed last receiving £1,000.

RACING — BY DOMINIC WIGAN

Three more for Morley

DAVID MORLEY, whose principal Cheltenham hope Tavanus was generally quoted at 7-1 for the Daily Express Triumph Hurdle on March 18 after making short work of some moderate opponents at Leicester yesterday, looks set for another profitable afternoon on the Midlands track this afternoon.

The Bury St. Edmunds trainer, who had initiated a double with Banlieu an hour before Havanus's victory, can complete a treble there to-day through *Clove Hitch*, *Grass Hand* and *Doo'cot Park*.

The best bet from this trio seems to be Doo'cot Park, who had the misfortune to come up against Fred Winter's highly rated Snow Flyer at Ascot last time out.

Doo'cot Park, who had previously won impressively on the Berkshire course — defeating Karandala by 15 lengths in a division of the Bingley Hurdle—and also at Huntingdon, where he gave Canit 9 lb and a two lengths beating, goes for Div. II of the Oadby Novices Hurdle.

In the first division of this event, the progressive Clove Hitch, whose dam, Slip Stitch,

LEICESTER
1.30—Clove Hitch**
2.00—Antoni H
2.30—Le Robstan
3.00—Barbary Silk
3.30—Grass Hand
4.00—Doo'cot Park***

SEDGEFIELD
2.45—Never There
3.15—Salmo Lady
3.45—Winter Chimes*

ran second to the 1967 Derby winner Royal Palace at Ascot as a two-year-old, can complete a hat-trick at the main expense of the luckless Paper Chase.

Playboy Bookmakers, which has been in operation for little more than six months, yesterday announced extensive sponsorship plans for 1976. The Park Lane concern, whose parent company is the London Playboy Club, sponsors its first race at Wolverhampton on Saturday, where the Playboy Club's Playmate of the Year will present the winning owner with a silver "bunny" trophy made up by the Crown jewellers, Garrards.

Looking ahead to the Schweppes Gold Trophy, all the leading companies report heavy backing for the Richard Head-trained Miss Boon, who will be bidding to become the first mare to land a Schweppes. William Hill has clipped her price from 12-1 to 8-1, and has also brought two outsiders, Passing Shot and Lyon Del Mar in a few points. Attivo, the one-time joint favourite with Fighting Kate, has been pushed out in this list from 8-1 to 12-1.

Latest Schweppes odds: 7-1 Fighting Kate and Tree Tangle; 8-1 Miss Boon, 12-1 Attivo and Philominsky, 14-1 Supreme Halo, 20-1 Highway Rambler and Passing Shot.

SALEROOM — BY ANTONY THORNCROFT

Musical manuscripts do well

CHRISTIE'S launched its Victorian week yesterday with a rather routine sale of English and Continental ceramics which totalled £36,020. A couple of highly-regarded lots failed to sell, but 95 per cent. of the items were disposed of, mainly to British dealers.

The Glasgow dealer Alexander was particularly active, acquiring a pair of Sevres pattern ormolu-mounted vases and covers for £3,200. They are dated 1807 and 1809 and are painted by H. Desprez, with scenes of Napoleon and his generals at the battles of Friedland and Wagram.

The other leading prices were the £1,900 from A. R. Duncan Smith for a German porcelain plaque of a woman in medieval dress holding a baby (this has been forecast at £500-£700); £1,250 from Graham and Oxley for a large Masons ironstone dinner service decorated with oriental patterns; and £950 from Gay Antiques for a large Sevres pattern ormolu-mounted two-handled vase.

At Sotheby's, there was an interesting sale of books, manuscripts and letters which realised £22,271. The manuscript contract between Joseph Haydn and Hyde, the London dealer, in 1795, commissioning 55 compositions over the next five years in return for £911, was bought by Macnutt for £2,600. He also acquired around 70 letters by Elgar to Mr. and Mrs. Kilburn for £1,700. A collection of 28 plays and poems by Dryden, including numerous first editions, went to Blackwell for £1,000.

TV/Radio

† Indicates programme in black and white

BBC 1

9.38 a.m. For Schools, Colleges. 12.45 p.m. News. 1.00 To-day at the Winter Olympics. 1.45 "Bod on the Beach." 2.00 You and Me. †2.15 For Schools, Colleges. 3.25 Ar Ben Ei Hun. 4.00 Play School. 4.25 Deputy Dawg. 4.30 Jackanory. 4.45 Star Trek. 5.10 John Craven's Newsround. 5.15 Vision On. 5.40 Ivor the Engine.

5.45 News.
6.00 Nationwide.
6.45 Olympic Grandstand.
7.20 The Ellery Queen Whodunit.
8.10 Warship.
9.00 News.
9.25 Play for To-day.
10.40 To-night.
11.15 Play Sport.

All Regions as BBC 1 except at the following times:—

Wales—2.40-3.00 p.m. For Schools. 4.45-5.15 Kizzy. 6.00-6.45 Wales To-day. 7.20-7.45 Heddiw. 7.45-8.10 Ask the Family. 11.40 News and Weather for Wales.

Scotland—6.00-6.45 p.m. Reporting Scotland. 11.15-11.45 Who Are the Scots? 11.45 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. 11.40 Northern Ireland News Headlines.

England—6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

7.30 a.m. Open University.
11.00 Play School.
2.30 p.m. Peter Donaldson's Illustrated Economics.
3.00 All in the Mind.
3.30 Looking at Documentary.
5.50 Open University.
7.05 Ensemble.
7.29 Weather.
7.30 Newsday.
7.45 The Book Programme.
8.10 Pro-Celebrity Golf.
9.00 Fawlty Towers.
9.30 The Man Alive Report.
10.20 The Old Grey Whistle Test.
11.00 Newsnight.
11.25 Closedown: Joy Parker reads "The Cool Web" by Robert Graves.

LONDON

9.30 a.m. Schools Programmes. 12.00 Stuff and Nonsense. 12.10 p.m. Pipkins. 12.30 Trash or Treasure. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Couples. 3.00 Village Hall. 3.55 General Hospital. 4.25 Runaround. 4.50 Magpie. 5.20 Nanny and the Professor.
5.50 News from ITN.
6.00 To-day.
6.45 Crossroads.
7.10 Tuesday Mystery Movie: McCoy.
9.00 Shades of Greene.
10.00 News.
10.30 Decision—Oil.
11.30 Kitchen Garden.
12.00 Rites and Ritual.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Wait Till Your Father Gets Home. 6.00 About Anglia. 7.00 Cartoon Time. 7.15 The Tuesday Movie: "The Questor Tapes." 11.30 Police Surgeon. 11.55 Reflection.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 Batman. 6.00 ATV Today including Police Five. 7.00 The Tuesday Movie: "Crooks and Coronets" starring Telly Savalas and Edith Evans. 11.30 Angling Today.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.20 Candid Camera Classic. 6.00 Border News and Lookaround. 7.00 Look Who's Talking. 7.30 Cartoon Time. 7.35 Banacek. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Wait Till Your Father Gets Home. 6.00 Report at Six. 7.00 Curtain Raiser. 7.10 TV Movie. 11.30 Commentaires et Previsions Meteorologiques.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 The Brady Bunch. 6.00 Grampian Today. 6.10 The Flintstones. 7.00 Cartoon Time. 7.15 The Tuesday Comedy: "That Riviera Touch" starring Eric Morecambe and Ernie Wise. 12.00 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 5.15 Stamp Stories. 5.20 Crossroads. 6.00 Granada Reports. 6.40 The Persuaders! 7.35 Suspense Movie: "Betrayal, starring Dick Haymes. 11.30 Spyforce.

HTV

12.30 p.m. A Place in History. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Daily Fable. 5.25 Crossroads. 6.00 Report West. 6.20 Report Wales. 6.40 Mr. And Mrs. 7.10 The Tuesday Mystery Movie: Hec Ramsey.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Fyny Fan'na. 6.00-6.20 Y Dydd. 10.30-11.15 Dan Sylw. 11.15-11.30 O'r Wasg. 11.30-12.30 World in Action Special.

HTV West—As HTV General Service except: 11.39-11.59 a.m. Biology: It's Life With David Bellamy. 1.20-1.30 p.m. Report West Headlines. 6.20-6.40 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Houseparty. 5.20 Lacebuttonpoppers. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 7.00 Love American Style. †7.10 Feature Film: "Walk A Crooked Mile" starring Louis Hayward. 11.30 Late Call.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day by Day. 6.40 University Challenge. 7.15 "Man From U.N.C.L.E.—The Helicopter Spies." 11.30 Southern News Extra. 11.40 Police Surgeon.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 1.30 Love American Style. 5.20 Emmerdale Farm. 6.00 Today at Six. 7.00 Cartoon Time and Betty Boop. 7.15 The Tuesday Film: "This Savage Land" starring George C. Scott. †11.30 The Greatest Fights of the Century (Johnson v Ketchel). 11.45 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Houseparty. 4.23 Ulster News Headlines. 5.20 Beachcombers. 6.00 UTV Reports. 7.00 The Ghost and Mrs. Muir. 7.30 Tuesday Movie: "Spanish Affair" starring Richard Kiley and Carmen Sevilla. 11.30 UTV Profile.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Wait Till Your Father Gets Home. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.15 TV Movie. 11.30 Westward Late News. 11.33 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.30 Mr. and Mrs. 5.20 Emmerdale Farm. 6.00 Calendar. 7.00 Bugs Bunny. 7.15 The Tuesday Film: "This Savage Land," starring George C. Scott. 11.30 Night Gallery.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.30 Johnnie Walker, including this week's Top 30 discs, and 12.30 Newsbeat. 2.02 David Hamilton [illegible] 4.30 It's DLT OK! 5.45 Newsbeat. 5.52 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including [illegible] (1,500m only, also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. [illegible] Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Beat the Record. 7.30 Robin Richmond, The Organist Entertains (S). 8.02 Ian Carmichael's Music [illegible] (S). 10.02 Sports Desk. 10.05 The American Showmen (S). 11.02 Tennis. 11.30 Colin Berry with The Late Show (1,500m only, also 202m Scotland). VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

† Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Brittea (S). 9.45 Academy of the BBC (S). 10.45 Piano Recital (S). 11.45 The Nordic String Quartet (S). 12.15 p.m. Cardiff Midday Prom, part 1: Liszt (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2: Sibelius (S). 2.25 Music in Our Time (S). 3.30 Words . . . by Ian Robinson. 3.35 Haydn and Mozart chamber music concert (S). 3.55 In Repertory (S). 4.55 Jazz Today (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). †6.05 News. †6.10 Homeward Bound (continued). †6.30 Life Lines: Work and Training. 7.30 Hunter, Mackerras and the BBC NSO, part 1 (S). 8.05 Right Hand, Left Hand. 8.25 Concert, part 2 (S). 9.20 Drama Now (S). 10.00 One Piano, Four Hands (S). 10.50 Scenes and Scenery. 11.05 Bach Cantata No. 156 (S). 11.25-11.30 News.

Radio 3 only—6.00-6.50 a.m. and 6.05-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today including 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. †9.05 Tuesday Call. †10.00 News. †10.05 From Our Own Correspondent. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Down Your Way. †11.35 John Ebdon. 12.00 News. 12.02 p.m. You and Yours. 12.27 Just A Minute. †12.55 Weather, programme news, VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Evan Harrington (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 My Music (S). 6.45 The Archers. 7.00 News Desk. 7.30 Hunter, Mackerras and the BBC NSO, part 1 (S) (as Radio 3). 8.05 Right Hand, Left Hand (as Radio 3). 8.25 Concert, part 2 (S) (as Radio 3). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only)—9.20 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Downtown. 11.03 In Town. 12.03 p.m. Call In including 12.45 London News Desk. 2.03 206 Showcase. 4.03 Matter of Fact. 4.32 Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Holiday Scene. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

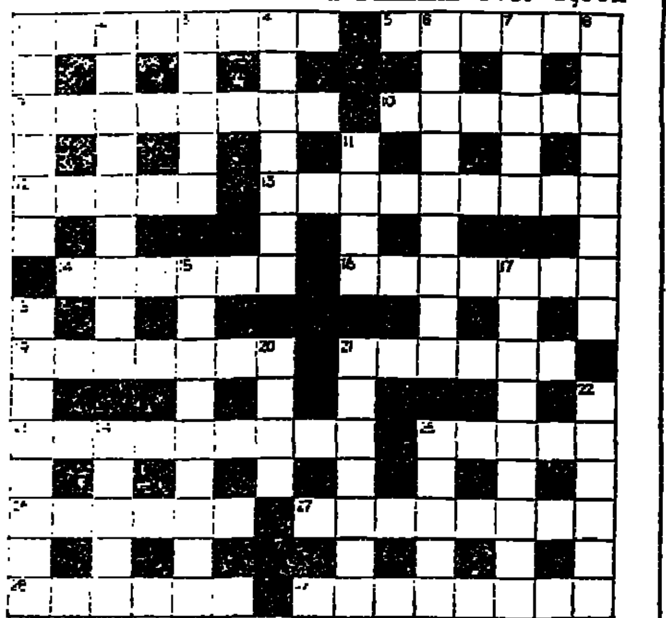
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 3.00 Newsbreak. 7.30 Music in Stereo. 8.00 Nightline. 1.00-5.00 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. The Breakfast Show. 9.00 Michael Aspel. 12.00 Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Rock Show. 11.00 Tony Myatt. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,001



ACROSS

1 Twelve trying and disagreeable people (4, 4)
5 A departure in action (6)
9 Ratings who managed a college . . . (8)
10 . . . for suitable reward (6)
12 Call to exercise in part of cathedral (5)
13 Cheese sprung on the unwary (9)
14 Study humanity of swindler (6)
16 Checks about joining the colours (7)
19 Letters going off to distant station (7)
21 Biting creature when it's red not otherwise (6)
23 Worrying bite from animal (9)
25 Cook often found on Yorkshire's side (5)
26 Understand cheat (4, 2)
27 Parade drunk completely sealed (8)
28 [illegible] in return to divider? (6)
29 [illegible] does feel different (4, 2, 2)

DOWN

1 On to be upset over family of classic poet (6)
2 Sister has a turn at making [illegible] (5, 4)
3 Belonging to more than one 25 on Sunday (5)
4 Way of life of endless army unit (7)
6 Plot for the rest of the horticulturalists (6, 3)
7 Conclude it's part of the train ferry (5)
8 Entrancing Pole sharing confidence with you and me (8)
11 Litigant going down the drain we hear (4)
15 Nonsense coming from source that is illegal still (9)
17 Ornament for enthusiast to hang (9)
18 Person regularly trained to work (8)
20 Journey suitable for the Fall (4)
21 Make fun of age of jazz (7)
22 Figure cast could make an astute variation (6)
24 Find agreeable Newmarket starter to compare . . . (5)
25 . . . proposition letting deserter win 1-0 (5)

Solution to Puzzle No. 3,000

SCRUB REAPPEARS
C E E E P U S U
HOLDSEVERYTHING
O I E E R U N S
OVERTURES PRIME
L V W S T A N S
DESIRE SUBJECT
S T O S
EARSHOT ENLIST
R E D P N D C M
VILLA OUTOFDATE
I E N U I R T A
CHANGINGCLOTHES
E S E C E N E L
SPEARHEAD TODDY

ork music

Leonore, Electra, Violetta

by ANDREW PORTER

he arrival of Sarah his month, making her out with *La traviata*. politan Opera season lly distinguished con- The first of the year e been Leonard Bern- a major revival of ut Mr. Bernstein with- ing his protégé John (who has conducted r *of Seville* for Wales, is country the Bern- s *Mass* and *Candide*) e. Mr. Mauceri, I did pretty well. His athletic and assured, t lacked any deep The start of the chorus was not moving.

Jones's Leonore was of the performance. we all know, an un- r, and a very beautiful r best. *Fidelio*—ever sang her first Leonore, in 1964—seems to the best in her. The tion was spontaneous, passioned, stirring and any taint of self- The directness and f her approach go to of things. She is still an imperfect actress who tends to stand crouched, with her elbows crooked, but her clear, candid features are expressive, and the transitions from boyishness to loving woman were subtly and unselfconsciously achieved. Her voice sounded very powerful, in an effortless, not forced, way; in fact, not since Birgit Nilsson have I heard a singer fill the huge hideous, gilt hangar of the Met with such ease. And she used that voice smoothly.

Florestan was Jess Thomas, noble and poetic in utterance, able to emphasise individual words without breaking Beethoven's lines. In Otto Schenk's strong and otherwise unaffected production, Donald McIntyre played Pizarro as a fussy neurotic little man with fidgety gestures and goldrimmed spectacles. His intonation sometimes strayed. John Macurdy's, as Rocco, was rock-firm; he is an excellent bass. Judith Blegen was a captivating Marzelline. In tall, impressive scenery by Boris Aronson, this production, first staged in 1970 and now revived by Schenk himself, is one of the Met's nobler achievements.

Elektra is a 1966 production by Herbert Graf, set by Rudolf Heinrich in a sort of slate quarry, with huge chunks of the stuff suspended overhead. It was sung originally by Nilsson, Danica Mastilovic and Teresa Kubiak, then Leoni Rysanek, were the Electra and Chrysothemis of this season's earlier performances, but when I went it was to hear Ursula Schröder-Feinen (the Brünnhilde of Solti's forthcoming Paris *Ring*) and Roberta Knie (the Brünnhilde, in alternation with Miss Jones, of Boulez's forthcoming Bayreuth *Ring*). A great Brünnhilde of the past was the Clytemnestra; and I can happily report that Astrid Varnay's voice was back under *control and that many of the* sounds still had the old dark, thrilling power.

Miss Schröder-Feinen is a very secure soprano with an even, well-schooled voice, not strident, not squally. Her acting was accomplished: though short and a shade dumpy, this Electra was brought to life by the rapt, visionary gleam in her eyes. But there was not much gleam or dramatic excitement in the timbre. There was nothing exactly wrong, except a lack of sheer power in the climaxes; nor was there anything especially memorable. Miss Knie is tall, and dramatic in a slightly undisciplined way, both vocally and in her stage presence. The voice is strong, clear, not very beautiful. Robert Nagy's Aegisthus was good; William Dooley's Orestes was weak. "Sound" is perhaps the word for Heinrich Hollreiser's conducting—everything in place, and nothing remarkable. The Solti-Nilsson *Elektra* at Covent Garden set a standard that makes all who heard it unsatisfied by anything less.

Memory, past experience, can often make a present performance seem pale; and every assiduous operagoer is likely to have assembled, in mind's ear and eye, a *Traviata* compounded of—well, among other things let us say Gemma Bellincioni and Nellie Melba and Rosa Ponselle on records; Maria Callas and Josephine Barstow in life, and perhaps Garbo, Edwige Feuillère, and Margot Fonteyn in other mediums, beside which a single performer can hardly hold her own. Unless, like Beverley Sills in the Met performance, she is so touching, vivid, and at every moment affecting a Violetta that all that matters is the present, and one is rapt in everything she says, does, thinks, feels.

Verdi wanted Rosina Penco, his first Leonora in *Il trovatore*, to create Violetta. "She has a beautiful face, spirit, and theatrical presence," he said, "the best qualities for a Traviata." Again and again, he declared that such qualities mattered more to him than perfect vocal technique. All the same, his letters must not be used to justify rough, squally singing. These things are relative, and, once the gramophone age is reached, there is hard evidence to show that the interpreters Verdi most admired—Patti, above all — were excellent vocalists. Moreover, the magic of excellent vocalism — as every assiduous operagoer also knows—can transform the plumpest, plainest prima donna into a radiant young heroine.

Miss Sills has a beautiful face, spirit, and theatrical presence. She lacks the full, free swell of tone that a Violetta needs, but in this performance she was careful not to put more pressure on the voice than it can bear. She *can* project a soft, intense, delicately moulded line that carries into every corner of the house. With exquisite timing (some silences were very boldly sustained), consummate musicianship, and extraordinarily cogent acting, she held the house spellbound. In the past—as this page has often told —I have found Miss Sills too flawed a vocalist to command wholehearted admiration. But I found this Violetta irresistible.

Caldwell and Sills have long been a famous partnership, with many Boston Opera triumphs. Their first Met collaboration was a triumph, too. Miss Caldwell's basic tempi were often set fast (as fast as the metronome indications in Verdi's score, which is faster than *La traviata* is usually conducted). There was excitement, but no rushing or straitjacketing, for she understands expressive, stylish rubato. Once again, her genius for bringing a composer's dramatic intentions to life was revealed. The rest of the cast was unmemorable. Stuart Burrows was a fluent but not a romantic Alfredo; William Walker, *vice* Ingvar Wixell, produced good smooth tone as Germont but was wooden. The production, first staged in 1966 by Alfred Lunt, is basically conventional, and satisfactory apart from a few bits of nonsense. Cecil Beaton's décor is large and handsome.

There have been murmurs about the size of the British contingent at the Met this season—Mr. Burrows in *La traviata*; Elizabeth Harwood, Anne Howells and Ryland Davies in *Cosi*, produced by Patrick Libby; Rita Hunter as Norma; Miss Jones and Mr. McIntyre in *Fidelio*; most recently, Mr. Davies in *Il barbiere*, and Kiri Te Kanawa and Stafford Dean in *Figaro*, conducted by Steuart Bedford. (There have even been murmurs about a British critic's admiration for many of these performers!) But a British export admired without stint is Dame Janet Baker. Her Carnegie Hall recital was sold out; by word of mouth, before the first full annoucement of it appeared. It was a great evening, and must have a review to itself.

Beverley Sills as Violetta

The Victorian art world

by DENYS SUTTON, Editor of Apollo

The modern fashion for Victoriana has inevitably encouraged curiosity about the art world of the period and, in some respects, the social background is more interesting and amusing than the art itself. Burne-Jones, Leighton or Watts are not major painters but their lives make fascinating reading and recent books on them have helped us to form a more complete picture of the Victorian age.

As yet there has not appeared a synthetic work on the art of the Victorian period that treats of the subject in such a way that all details fall into place. This is largely due to the abundance of the material and much remains to be discovered. The Victorian art trade is a case in point, and the relationship between artist, dealer and client is a complex topic.

One name which often crops up in artists' memoirs or books about Victorian art is that of the dealer Ernest Gambart. Hitherto little has been known about him. The situation has changed with the publication of his biography by Jeremy Maas (Barrie and Jenkins, £8.50) who somewhat over-enthusiastically dubs his hero a "Prince of the Victorian art world."

Ernest Gambart

Gambart himself is not a very inspiring character. He was an able and honest dealer who had a keen grasp of human nature and the gift of the gab. He realised that good food and wine and jolly parties would do much to oil the wheels.

He was also one of the first dealers to understand the part that publicity could play in selling his wares, and he skilfully manipulated the art and social worlds of his time.

Gambart was born in Belgium in 1814 and crossed to England in 1840 as a salesman for the prints published by the well-known firm of Goupil. Mr. Maas makes clear the major role played by the print in Victorian art life. Paintings which caught the public's fancy were shown in various cities, and the prints made after them sold well—that is, until photography killed the trade.

The astute dealer made a good deal of money from selling prints after Rosa Bonheur's *The Horse Fair* and Holman Hunt's *The Light of the World*. The details provided about such transactions are highly informative about Victorian taste and the mechanics of the art trade.

Mr. Maas, who has consulted unpublished sources and delved into the back numbers of the *Art-Journal*, provides a useful picture of the art world of the time, even if he rather overcrowds his canvas with details. He bring out the way in which Gambart speculated in modern English art and realised that it was possible to sell contemporary foreign paintings in London, once the ice had been broken. Mr. Maas observes that the close Anglo-French relationship that occurred with the Crimean War was helpful in this respect. Over the years this energetic dealer imported quantities of French, Belgian and German paintings into England. Alas, that the bulk were by mediocre painters.

Information about the French art trade is more wisely available than about its counterpart in London, largely owing to the publication of the papers of the famous firm of Durand-Ruel. Mr. Maas's account of Gambart's deals with Joseph Gillot and negotiations with D. R. Rossetti makes a useful contribution to the subject, which of course is no more than partially treated in this book. He discusses the part played in the trade by Agnews and the uncouth E. V. Flatow: however, he does not examine the chances missed by these dealers in failing to support the Impressionists. Agnews, for instance, could have handled the selling of Degas's marvellous *Musson's Office at New Orleans*. It is fascinating to speculate about what might have happened if the new rich of the Midlands had gone in for French art! Their American contemporaries were more alert to true quality. However, Gambart's nephew, Paul Deschamps, who does not quite receive the treatment he deserves in Mr. Maas's book, was an admirer of Degas.

Gambart had many virtues, but he was a first-rate promoter of second-rate goods. He lacked the flair that distinguished such dealers as Paul Durand-Ruel or, later, René Gimpel. Once he had made his fortune he retired to the Continent, dividing his time between Spain and Nice, where he entertained widely and managed to secure the honorary post of Spanish Vice-Consul. This helped to launch him in society; like many other dealers, he loved to collect decorations and the dust jacket of this book shows the old boy proudly sporting his spoils. His later life was not without complications, for he had a keen eye for women and something of a scandal was created by his relations with Marie Tilloy. He died in 1902.

This volume which is rather on the long side, reminds us that the nineteenth century was a period when interest in art was widespread and when the upper and middle classes had the means and the leisure to buy works of art and to visit exhibitions. Now that such a song and dance is made about the keenness for art in our time, it is as well to remember that this was so; and should we not recall that most of Gambart's swans turned into geese? Gambart is a ghost at the feast.

The Entertainment Guide is on Page 31

Adelphi

A Little Night Music

Virginia McKenna, who has taken over the part of Desiree Armfeldt in *A Little Night Music*, has now played herself in and I went to see her last Friday. She presents a character somewhat softer, less *intriguante*, than Jean Simmons gave us. A little dash of Mme. Arkadina in the make-up would perhaps be welcome, but what this Desiree loses in naughtiness she gains in sympathy. It may be a purely personal reaction, but I would have liked to hear her sing "Send in the clowns" more legato. It's a great tune; pity to conceal it behind the emotions.

As it happened there were two more replacements on the night of my visit. Flu germs were at Angela Baddeley and Maria Aitken, and their parts were taken by Daphne Anderson and Erica Rogers. Miss Anderson is too intrinsically nice for us to believe that she could have had a career as wicked as Madame Armfeldt's, but you could see what the Baron de Signac and the Duke of Ferrara and the King of the Belgians were about when they chose her for their gallantries. Miss Rogers has played the Countess Charlotte in South Africa and showed us a fully rounded and independent performance of much charm.

A third visit confirms the affection stirred in me by the first and second, and I shall probably go again.

B. A. YOUNG

Schnitzler's 'Anatol' at the Open Space

Prunella Scales will play six different characters in the Frank Marcus adaptation of Arthur Schnitzler's comedy *Anatol* which opens at the Open Space tomorrow. Derek Godfrey will play the principal role of Anatol, supported by Nicholas Selby.

al Hall

Alfred Brendel

/ RONALD CRICHTON

recent years, when the tion of Liszt has ex- the operatic fantasies arian Rhapsodies, would een possible even for a Brendel's eminence to rogramme arranged in nce he chose for his re- unday afternoon in the nk series. Bach, then ngarian Rhapsodies in on usually reserved for work. After the inter- hoven's Diabelli Varia- d before Liszt's re- n, it would hardly have iceivable for a pro- annotator, as Gerald id on this occasion, to links between Liszt's s and Bach's Chromatic nd Fuge.

I seemed to share that ans untenable view, but his support more by his Liszt dry than by is Bach get wet. The c Fantasy was clear and a whistle, to an extent ade one wonder if this r piece, played on a grand in a large hall, do with a little less . In the A minor Fantasia and Fugue (BWV 904) which followed, the music's greater mental energy (the physical display is much less) produced playing no less clear but more vivid. The choice of instrument, piano instead of harpsichord, became immaterial.

Of the Liszt Rhapsodies, Nos. 11 and 13 were dry and sparkling, with the gipsy flouncings pushed almost out of sight. No. 17, one of Liszt's haunted pieces, where he deals with the marrow and not the trappings of romanticism, brought warmth and softer shading. Admirable playing. The Diabelli Variations were given a most lucid, intelligent reading in which for much of the time Tovey's epithet for the theme, "drily healthy," remained firmly in the mind. The playing expanded with the music in the wonderful things that begin to happen from variation 24 onwards. Paradoxically, when Brendel gradually allowed an ever-wider range of tonal colour that sent rays forward to Chopin and Liszt, and most of all when Beethoven becomes overtly Bachian, one realised what had been lacking in the real Bach earlier on.

Festival Hall

Britten

by MAX LOPPERT

Paul Tortelier and the London Symphony Orchestra under Erich Leinsdorf are to be thanked for Sunday's gripping account of the Britten Symphony in D for Cello and Orchestra. Not having heard the Cello Symphony for several years, I had forgotten what an arrestingly dark and powerful piece it is, how eloquently varied its command of biting, crabbed, bleakly sonorous instrumental timbres, how finely calculated the cello writing, how ingeniously taut the structure. Tortelier's impassioned assumption of the solo part may have been less remarkable for *the surges of big tone and the* washes of colour than the familiar Rostropovich performance; but for sustained intensity (after a slightly "squeezy" approach to the first few top notes) and sustained comprehension of all the tones of cello melancholy explored by Britten, it was no less admirable.

Was it something about the Frenchman's noble Don Quixote presence that drew one fresh to Spanish-sounding elements in the music, the glittering, courtly, ceremonial gestures contrasted by the singular, keening sound of the cello; or was there something of such proudly mournful display in the composer's original intention? Another unexpected memory, useful for comparison of similarities rather than their many differences, was the Ravel Left Hand Piano Concerto, also a sombre contrast of dark orchestral fantasy and a mainly low-pitched solo protagonist. In the brass fanfares of the third movement, the colours rang out a little less boldly than they might have. Mr. Leinsdorf seemed concerned principally to keep the orchestral contribution sharp-pointed in direction. The chattering, oddly buoyant, wind figures of the Finale could also have been more robustly delivered. The movement always seems to end too soon, before the full impact of the D major transformation has been realised. Perhaps that is its distinctive virtue.

The rest of a symphonic programme all in the key of D was less unusual, and less remarkably played. Under Mr. Leinsdorf the security and balance of the LSO playing are qualities always comforting in themselves; but in both Haydn's 93rd Symphony, before the Britten, and the Brahms Second Symphony after the interval, one often longed for complementary streaks of colour, energy, humour, charm, or even the occasional rough edge. The Haydn symphony, with its ever-delightful "rude noise" in the slow movement, and its lightly graced and flicked Rondo melody, was funless. The Brahms was shaped in firm, strong strokes, with almost no sunlit affection in the statement of melody, or rich, deep amplitude of tone in the Adagio. Both performances were notable for their sureness of craft, not their spark of inspiration.

ll Room

Young Musicians

by PAUL GRIFFITHS

concerts on Sunday the London Arts Association nine of those who n chosen as "Young s 1976," qualifying them ance over the next two n establishing their the GLAA offers grants sations in London which their protégés. Three lve instrumentalists and er were the beneficiaries organist and two jazz ill also profit from the

mposer was Judith Weir, t *of the Air* was twice the Vega Wind Quintet. ir, who is at present composition in Cam- expresses herself d in this piece with the thoughts between sec- music, a matter which ised composers at least delssohn and Schumann d no breaks between ic movements. *Out of* on the other hand, posi- joices in gaps, during e is intended to imagine naterial. I found noth- ulating in Miss Weir's much evidence that she ght enough about the silence. As for what provide in the work, to extinction beside re- of Ligeti's capsules of diversity for the same ensemble—and Ligeti's truly is music to excite mental continuation.

Of the instrumentalists, the strongest impressions were left by the two violinists, though that may be in part a result of the power of comparison to identify qualities. The two are, indeed, very different musicians. Patricia Calnan's performance was charming and serene, the tone effortlessly produced, fine-spun and true. When she tried to play with some force, as in the gruffer passages of Ravel's *Tzigane*, the effect was sure but external, as if alien to her nature. She was at her best in a suite by Ticciati out of Vivaldi and in Lili Boulanger's Nocturne, where the anxieties came over, probably rightly, as suave and not so very terrible.

Nothing in Susan Lynn's playing was by any means so easy going. She is a violinist who digs into her instrument, making a full-bodied, gutsy sound, even at the risk of inexact intonation—and there were many moments of robust approximation in the Bach fugue she included. But the intensity of her playing, the drive to express, overcame most objections, as did the numerous points of exquisite irony she scored in Wieniawski's *Scherzo tarantelle*. She is a rough diamond to Calnan's pearl: you pays your money (the GLAA helps) and you takes your choice.

Another player of excellent promise is the violist Norbert Blume. His programme of Reger and Hindemith was knotty and ill-designed to display tonal loveliness, but he was able to show astonishing skill in scurrying through Hindemith's fast movements. William Waters showed poise and soft-spoken accomplishment in his guitar pieces, though he is probably too young for individual flair to be prominent. Graham Sheen is a gentle bassoonist, one who can make his instrument sound almost gorgeous in such a work as the Saint-Saëns sonata.

Best of the singers was Anna Bernardin, most particularly in her arias from Rameau, Cavalli and Tippett. She is versatile enough to fit her soprano voice to the very different styles required by these composers, and her tone is pure and golden. Michael Leighton Jones, a baritone member of the Scholars, used his light voice with good sense in a mixed selection of songs. Finally, the soprano Jacquelyn Fugelle tried much too hard with her expressive shades (more impastos) in Berlioz and Malcolm Williamson, but her clear flight through an extract from *La sonnambula* was a joy.

Pompeii at the Royal Academy

A major exhibition of the treasures from the buried cities of Pompeii and Herculaneum will open at the Royal Academy in November. Entitled *Pompeii AD79*, it will be the Academy's main Winter Exhibition and will continue until the end of February 1977. The exhibition is sponsored by Imperial Tobacco in association with the Daily Telegraph.

The exhibition will be based largely on the archaeological and art treasures from the Museo Archeologico Nazionale in Naples, as well as objects drawn from other sources throughout Europe. It will, it is claimed, be the most comprehensive exhibition ever seen outside Italy of arts and artifacts buried by the eruption of Vesuvius in AD79. It will also be the first time that these treasures have been seen in this country.

AMERICAN NEWS

The destroyed bridge at Aguas Callenties outside Guatemala City. Landslides and collapsed bridges are hampering rescue operations to the stricken countryside.

Guatemala toll may be 17,500

BY ALAN RIDING

GUATEMALA CITY, Feb. 9.

THE DISCOVERY of new Indian villages destroyed by last Wednesday's earthquake to-day increased the official estimate of casualties in the Guatemalan disaster to over 17,500 dead and 40,000 injured.

But, with at least 25 mountain villages still incommunicado by road and not yet reached by helicopter, the final death toll is still expected to rise. "We may never know accurately," one Guatemalan Army officer said, "because many people buried their relatives without informing the authorities, while other bodies are still in the rubble."

Despite the tendency for local Government's to exaggerate disaster casuality figures in order to attract foreign aid, U.S. Army experts here to-day estimated the number of dead at over 15,000 and agreed that this too might be conservative.

As the grim news from the mountains continued to arrive in Guatemala City, however, the domestic and foreign relief programme moved into gear.

Inevitably, there are complaints of inefficiency by the Guatemalan Army and of slow responses by voluntary groups here, but there have been no reports of stealing or looting of the relief supplies by Guatemalan soldiers involved in the rescue operation.

In some areas, first aid units have managed to ease the immediate crisis. In the badly-damaged town of San Juan Zacatepeques, which I visited this morning, Guatemalan and Honduran doctors have already treated the worst wounded.

But in the town of San Martin Jilotepeque, where estimates of the death toll vary between 1,200 and 3,000, thousands of wounded from nearby Indian settlements are still awaiting treatment. This is an area that Oxfam has chosen for a major aid effort.

In Guatemala City, the situation returned as close to normal as possible to-day, with many shops re-opening, traffic jamming the streets and Indian fruit markets covering the pavements.

The city's hospitals also seem to have overcome the immediate emergency and are now receiving wounded from the country.

In the poor slum districts, worst-hit by the earthquake, there are some reports of stealing by organised gangs wandering among the tent cities that have sprung up to shelter refugees. However, despite an unconfirmed report that police shot five looters yesterday, the situation in the city has been astonishingly calm so far.

Coffee prices up, Page 33

Air France to open Concorde Caracas route

By Michael Donne, Aerospace Correspondent

AIR FRANCE is to open a new Concorde route between Paris and Caracas, Venezuela, on April 9. This will be the airline's second Concorde operation, the other being the service to Rio de Janeiro, via Dakar, opened on January 21, when British Airways began its own service between Heathrow and Bahrain.

It was reported from Melbourne yesterday that the Victoria State Government, in the light of last week's U.S. decision to give Concorde a 16 months' trial at Kennedy and Dulles Airports, has recommended a similar experimental period of 13 months' operations into Melbourne's Tullamarine Airport.

Sen. Bentsen may drop bid for nomination

By Our Own Correspondent

WASHINGTON, Feb. 9.

IT LOOKS as though another Democrat is about to drop out of the Presidential nomination race. Senator Lloyd Bentsen from Texas said this morning that, following his poor showing in the Oklahoma State caucuses on Saturday, he was seriously considering whether there was much point in staying in the contest.

Sen. Bentsen, a generally conservative Democrat, finished at best third in Oklahoma, virtually tied with Governor George Wallace of Alabama, with about 11 per cent. of the delegates committed to him.

He had said before that if he finished no better than third in Oklahoma, where he had lavished a good deal on money and effort, then his chances were slim. His poor performance comes on top of a similarly dismal result in the Mississippi caucuses two weeks ago.

Sen. Bentsen had never been considered a strong candidate. It was thought that his principal aim was either to play a broker's role in the national convention in July or to acquire sufficient publicity to make himself a possible Vice-Presidential choice.

Originally he had hoped to present himself as a rational middle-of-the-road Democrat who might neutralise the power in the south of Governor Wallace. However that mantle has now fallen among the declared candidates on to Mr. Jimmy Carter from Georgia, who has a crucial battle with Governor Wallace in the Florida primary on March 9.

The latest results from the Oklahoma caucuses still put Mr. Carter and former Senator Fred Harris from Oklahoma almost dead level, but with the approximately 20 per cent. that both have gained, well behind the uncommitted slate organised by the popular State Governor, Mr. David Boren.

THE LOCKHEED PAYMENTS

GAO worry about effec[t] of disclosures on sales

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, F[eb. 9.]

THE General Accounting Office, a federal watchdog agency, is concerned that unfavourable publicity resulting from disclosure of bribes paid by Lockheed to foreign officials may adversely affect the company's future international sales.

GAO says in its fourth report on the state of the 1971 Lockheed emergency loan programme that "the potential results arising from the actions of the Government agencies concerned with the company's payments to foreign officials may seriously inhibit Lockheed's future success in foreign markets and invalidate its current forecasts."

The GAO's function is narrow: it is obliged merely to satisfy itself that the federal Government's interests are being protected and it concludes that the current value of the collateral pledged by Lockheed in return for receiving Government guaranteed loans of, at present, $195m., is quite sufficient.

However, it does make the point that, among other factors, Lockheed's ability to repay its loans is in good part predicated on its future sales overseas, forecast at being worth $4bn. in the five-year span 1975-79.

Lockheed has already secured an extension of the 1971 loan programme, due to be wound up at the end of last year until 1977. It is also seeking to renegotiate with its leading bankers a major financial reconstruction package, including the conversion of bank loans and certain debentures into Preferred stock.

However this plan, which also requires stockholder approval, is tied up because of the dispute between the company and the Securities and Exchange Commission over the extent of disclosure about the company's foreign payments that would have to go in the proxy statement. The shareholder meeting has already been postponed three times because of the dispute, which is still before the courts in Washington.

Lockheed's position is that it may lose sales if it is forced to reveal whom it has paid off.

Dr Kissinger, the Secre[tary of] State, also opposed full disclosure on the groun[d] it might harm American policy interests.

The GAO takes no [...] the merits of the argume[nt] it does state that even on forecasts, not affected [...] furore of foreign brib[...] "Lockheed does not ar[...] complete repayment [...] guaranteed loans even wi[...] extended period provi[...] law, considering the negative factors d[...] above."

A GAO official was [...] to stress that the situat[...] fluid and that a complet[...] cessful refinancing o[...] agreed to with the banl[...] change matters. But he that Lockheed would [...] need an extension of [...] deadline.

The GAO also noted th[...] heed had both revise[d] wards its estimates of sales worldwide and [...] out production schedu[...] referred also to the [...] cost of the aircraft a[...] cluded: "It is appare[...] ever, and Lockheed man[...] concurs, that L-1011 pr[...] costs which are significan[...] the previous estimates which are significantl[y] those projected could [...] material losses in the f[...]

THE TURKISH Government will conduct an inquiry into reports that Turkish officials received payoffs from Lockheed, a Government spokesman said in Ankara. In Caracas, a Government spokesman said that Venezuelan purchases from Lockheed were carried out under "strict fulfilment of legal norms" and in Bogota a special prosecutor was appointed to investigate alleged bribes paid by Lockheed to Colombian military officials.
Agencies

Japan seeks evidence in U.S.

BY CHARLES SMITH, FAR EAST EDITOR

THE JAPANESE Government to-day despatched its Deputy Foreign Minister, Mr. Keisuke Arita, to Washington to conduct an on-the-spot investigation into the bribery allegations involving Japanese public figures in connection with Lockheed aircraft sales.

The Government also decided to summon as witnesses before the Diet some of the men so far named as agents of the U.S. company or recipients of its pay-offs.

The principal character in the drama, Mr. Yoshio Kodama, has remained silent and uncontactable up to now. But another man, who could hold a clue to the scandal building up around the business and political establishment, was believed to be preparing to return to Japan from Hawaii. He is Mr. Kenji Osano, a self-made yen multi-billionaire with interests in travel and tourism, who happens also to be a close associate of ex-Prime Minister Kakuei Tanaka.

Mr. Osano, who is named by Lockheed's vice-chairman, Mr. Kotchian, as having been a Lockheed agent, has so far emphatically denied involvement in the aircraft bribery case, although he did this afternoon withdraw an earlier denial that he had even met Mr. Kotchian.

Japanese public opinion, which turned strongly against Mr. Tanaka before he resigned in November, 1974, seems inclined to cast the ex-Prime Minister in the role of villain in the Lockheed case. However, any allegations against Mr. Tanaka remain extremely imprecise, and there is some ground for the belief that the Lockheed scandal may turn out to lead elsewhere in the Japanese Conservative leadership.

Mr. Kodama is known to be on particularly close terms with ex-Prime Minister Kishi, who was in power when the Lockheed F104 fighter was selected by Japan's Self Defence Agency in 1960. Both Mr. Kishi and Mr. Kodama are associated with the right-wing pro-Taiwan and pro-Korea lobbies.

Mr. Tanaka, who negotiated the normalisation of Japan's diplomatic relations with Peking, is definitely not a pro-Taiwan man, and has been on correspondingly poor terms with the far right of the Liberal Democratic Party.

The truth about Mr. Tanaka's involvement, or about that of other senior LDP leaders, will not be known until the Government obtains further evidence from Washington or makes progress with its own investigations. In the meantime, however, various consequences of the Lockheed revelations can be identified.

First the public image of the right-wing political [...] ment, of which the Liber[al Demo]cratic Party forms a [...] taken a tremendous [...] which could well show [...] result of the election [...] this year.

Second, parliamentary [...] in Japan will come to [a] halt as the Governmen[t] [...] the Lockheed case, wi[...] ing delays in the pa[ssage of] essential Bills such [...] Budget.

Third, Japan's polit[ical and] defence relationship [with the] U.S. is certain to co[me under] very heavy fire fr[om the] Opposition.

Finally there will b[e ...] and difficulties in the sel[ection of] aircraft for the next [...] build-up plan" of [...] Defence Agency, inclu[ding the] choice of an anti-subma[rine air]craft, for which the [...] PC3 Orion had come [to be re]garded as the obvious c[...]

The Lockheed scan[dal can] already be seen as b[...] worst piece of bad luc[k to] come the way of Mr. Ta[...] Government since it [...] from the discredited [...] regime, but some observers feel that this [...] out to be a serious u[...] ment of the situation. [At] worst, the crisis could [...] collapse of the present [...] ment

Peru poses debt question for Kissinger

THE QUESTION of the developing countries declaring a moratorium on their foreign debts is expected to be among the major items which will be discussed by the Peruvian authorities during the visit to Lima this month of Dr. Henry Kissinger, the U.S. Secretary of State, writes Hugh O'Shaughnessy.

The moratorium suggestion was made by General Miguel Angel de la Flor, the Peruvian Foreign Minister, at last month's meeting of UNCTAD in Manila. It has been taken up by SELA, the Latin American Economic System, at its recent meeting in Caracas.

Dr. Kissinger is to start his long-postponed tour of Latin America on February 16 by visiting Caracas. He will touch down at Lima, Brasilia and San Jose de Costa Rica before returning to Washington on February 24.

WORLD TRADE NEWS

Spanish industry hopes for devaluation benefit

BY QUENTIN PEEL

THE PRIMARY aim of Spain's 11 per cent. devaluation yesterday will be to boost exports in an effort to reduce the country's huge trade deficit, running at $7bn. in 1975. At the same time it is hoped that the move will attract a substantial increase in tourism and consequent foreign currency earnings.

But the devaluation is unlikely to provide much support for the agricultural sector, which still makes up the most important part of Spain's visible exports. Out of total exports to the U.K. in 1975, fruit and vegetables made up £86m. and wines some £31m.

EEC tariffs provide a severe restriction on the expansion of agricultural exports, with strict reference prices for oranges, tomatoes and cucumbers, and also restrictions on wine imports.

However the U.K. is still covered by transitional tariffs, which have stayed well below the levels in the rest of the Community, because of the prospect of an overall EEC-Spain trade pact. British tariff levels have been allowed to remain at the level the trade negotiations are expected to set when they are concluded, leaving Spanish exporters considerably more opportunities in the U.K. market.

But Spanish produce must also compete with Italian output, which has benefited even more from the effective devaluation of the lira.

The principal advantage of the devaluation is being looked for in the industrial sector, which has been steadily growing in importance. In 1975 Spain's exports of machinery to the U.K. totalled some £33.5m., while textiles and footwear amounted to some £15m. In those markets price competitiveness is likely to be more significant than for agricultural goods.

Meanwhile, British exporters yesterday adopted a wait-and-see attitude, unwilling to commit themselves to a clear reaction until they had seen what sort of package the devaluation was included in. Severe restrictions on consumer spending in Spain would be likely to have a more drastic effect on British exports than the devaluation itself, they believe.

"Obviously it will have an effect on our exports," Mr. A. N. Vassilissin, chairman of the Iberian committee of the London Chamber of Commerce, said. "But by and large we are competitive. If the Spaniards still want our goods, as I think they do, I don't think it will play a great role."

Cut in cost of holidays

BY ARTHUR SANDLES

DEVALUATION of the peseta could possibly stop the rot as far as British tourist traffic to Spain is concerned. Market reports in recent weeks have suggested that while the overall market for holiday traffic from the U.K. abroad has been relatively healthy, bookings to Spain have fallen appreciably.

Last year a little more than 3.4m. Britons visited Spain, more than 2m. of them on package tours. However, package tour companies have been eager to spread their traffic around the Mediterranean basin as political question marks rose over Spain, and customers too have been showing renewed interest in such destinations as Greece and Yugoslavia.

Last night Cosmos Tours, one of the "big three" British tour operators, said that the devaluation "will benefit unquestionably the Costa Brava, Benidorm and Majorca." Mr. Stevenson Pugh, director of sales, said: "These are traditional 'pop' areas for many British holidaymakers, which have been as much as 50 per cent. down in forward bookings for the summer this January, compared with the same month last year."

But more than 30m. foreign tourists visit Spain each year and many of them will be in a somewhat better position than the British. The devaluation should be passed on to the Germans and Scandinavians in full.

EEC access 'vital to N. Zealand'

By Margaret Hughes

CONTINUED access to the Common Market, now that Britain has decided to remain a member, is a "matter of life or death" to New Zealand, Mr. Brian Talboys, the Deputy Prime Minister, asserted in London yesterday. Mr. Talboys, who is also Foreign Affairs and Overseas Trade Minister, is the first member of the new National Government to visit Britain.

The Government, Mr. Talboys said, was working hard to ensure that New Zealand has "a continuing right to supply significant quantities of butter, either to Britain or the EEC market as a whole." Total elimination of New Zealand dairy products from the market would cause "irreparable harm" to the domestic economy and would also undermine New Zealand's role within the Pacific area and South East Asia.

He also felt that it would "do no good to the EEC," emphasising that New Zealand trade with the EEC is a two-way affair. EEC exports to New Zealand last year totalled $NZ780m., against exports from New Zealand of $NZ570m. This, Mr. Talboys pointed out, left a deficit of $210m., "which is more than twice the value of New Zealand's dairy exports to the Common Market."

He confirmed, however, that New Zealand has been forced to accept that there will be a progressive decline in its butter shipment quotas to the EEC after 1977 (when the present arrangement expires) until 1980 (when they will again be reviewed). New Zealand would have preferred fixe quotas but, Mr. Talboys said, it had been advised, and indeed found, that "non-degresivity was non-negotiable."

Instead, New Zealand is now proposing an adjustment of these quotas which gives the same shipments total over the three-year period (363,000 tons) and the same yearly average. But it would allow a bigger quota for 1980, offset by smaller shipments in the earlier period. The EEC proposal for 1980 is 113,000 tons, while New Zealand wants to lift this to 117,000 tons.

EEC all-clear on suits duty

By Our Industrial Staff

THE DEPARTMENT of Trade disclosed last night that the EEC has given Britain the all-clear to impose a provisional anti-dumping duty on imports of East European suits. If a prima facie case can be made that suits are being dumped, a duty can be levied pending a full investigation. No evidence exists, the Department said, that such suits—offered to U.K. retailers for as little as £4.80—have yet been imported to Britain.

The issue was highlighted by MPs representing textile constituencies who warned of the dangers that a sharp upsurge in imports would hold for the British industry.

The Department of Trade pointed out that textile imports are subject to surveillance licencing which would indicate whether any increases were in the pipeline. In addition, a licence is required for imports of man-made fibres and this could be refused if it were thought the effect would be harmful to the British industry.

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EXPORT CREDITS

Harmonisation hopes revived

BY DAVID CURRY

THE VEXED question of bringing order into international competition on export credit terms is to be raised at this month's meeting of Common Market Finance Ministers. The Dutch Government insists on putting the question on the agenda on the grounds that recent elaborations to some national export credit insurance arrangements are making a bad situation worse.

The Dutch initiative comes after a judgment of the European Court of Justice towards the end of last year which put export credit questions firmly within Community competence, rather than subject to negotiation by individual states with the Commission not a principal in the negotiations. The verdict immediately raised hopes that the long-standing, and up to now abortive, effort to reach a gentlemen's agreement on controlling export credit terms between the U.S., Japan and the EEC could be resumed with a better chance of success. The last attempt to reach agreement had foundered in May when the French and, to a lesser extent the Japanese, declined to accept the framework worked out in a Brussels negotiating session.

Some importance has been attached to the Dutch request because of French moves since the court judgment to reach a separate agreement with the U.S. Apparently hoping to circumvent the question of Community competence, the French Government approached the U.S. to settle the points between them in the hope that the two governments, together with the Japanese whom the Americans aproached, would be able to make unilateral declarations on common credit norms. The Commission learned of the French initiative, it appears, through the Japanese who inquired as to what was afoot.

In the light of the court judgment the Commission has itself asked the Council to give it a negotiating mandate for the gentlemen's agreement talks, though this request has still to be discussed in the Council and will not be formally before the Finance Ministers at their February session.

Even if the Commission gets the member governments to accept its competence in the matter, it will have a tough fight getting a mandate for negotiation, given the divergent views of the member states and the enormous disparity between their systems. One of the Dutch points is that these systems are tending to get more divergent, particularly with the elaboration of cost escalation cover by the British, French and Italians and the Belgian decision to strengthen its rather limited export credit facilities.

The Commission is asking for a mandate embracing a range of interest rates between 7 and 8½ per cent., depending on the length of credit and economy of the purchasing country. Previous negotiations have foundered on the failure to agree on interest rates (the Americans tend to prefer high rates for long maturities: the French shorter rates for shorter maturities) and on regulation of the system of mixing export credit with development aid. The Commission is hoping that the French approach to the U.S. indicated some flexibility on these points which may persist into a Community-managed negotiation.

W. Germany backs Yugoslav road plans

BY A. LEBL

BELGRADE, Feb. 9.

THE FEDERAL German Minister of Transport Herr Kurt Gscheidle said at a press conference in Belgrade that his country would support Yugoslav plans for road construction, in order to improve exports of its goods to the near and Middle East.

Yugoslavia is an important transit country situated between the developed European West and Greece, Turkey and beyond. Although much has been done by countries like Iran and Iraq, however, its roads are in a poor condition and already represent a bottleneck for increasing traffic of both people and goods.

The country lacks finance to undertake road construction on a scale which would be needed to match the challenge. The World Bank has been helping, but even that is very little compared to the magnitude of the problem. The Yugoslavs have therefore been looking for other sources of finance while still not abandoning the hope that the World Bank will substantially increase its loans.

CAMPAIGN FINANCING IN THE U.S.

Fat cats with nine lives

BY GORDON L. WEIL

THE FAT cats are back, a millionaire political contributor quipped cheerfully after the U.S. Supreme Court poked some huge new loopholes into the campaign reform laws that had been enacted in the wake of the Watergate scandals. But, in reality, even prior to Friday's judgment corporate donors—some of the fattest cats of all—had never gone very far away. They had never been much bothered by the campaign financing rules, even before the Supreme Court partly rewrote them last week: in practice, the fat cats had already taken on a new lease of life.

Officers of the Mellon Bank in Pittsburgh, Pennsylvania, opened their mail one morning in December to find a firm, but polite, request for contributions to an innocuous-sounding organisation called the "514 Committee." The letter explained "The Committee pools all funds donated by officers and, from the pool, supports candidates for public office at the federal, state and local level who are supporters and/or sympathetic to the problems facing the business community, in general, and Mellon, in particular."

Most Americans in the post-Watergate era probably believe that the solicitation was illegal, because it asked for money to be distributed by the corporate parent of the Mellon Bank for openly political purposes. Yet the letter was perfectly legal. It illustrates that the reforms after Watergate were, in many cases, more apparent than real. Instead of putting out of business big contributors to political campaigns, the "fat cats," the 1974 campaign reform law has given them licence to prowl.

Under the 1925 Corrupt Practices Act it was illegal for corporations doing business with the federal government, which means just about any company, to make political contributions. Although the law was rarely enforced, it meant that loopholes had to be found if the big money was to flow. Often the salaries of corporate officers were raised to enable them to contribute the proceeds of those very raises to candidates supported by corporate management. Corporate managers and major shareholders were likely to be wealthy people who could also be counted on to make donations to favoured candidates. For example, Mr. Richard Mellon Scaife, a leading member of the family that created both the Mellon Bank and Gulf Oil Corporation, gave Mr. Richard Nixon some $1m. in the 1972 campaign, making Mr. Scaife the country's second-largest political contributor in that year.

Mr. Herbert Alexander, the foundation official who was the watchdog of campaign contributions, has argued that people ought to know "who gives how much to whom for what." When the abuses of the 1972 campaign became known and it was clear that large corporate and industry-wide interests had given millions to Nixon in return for favourable Administration decisions, Congress passed a campaign reform law which went as far as to ban individual contributions of more than $1,000 to any candidate. That was supposed to have killed off the "fat cats." But they have nine lives and are again thriving, thanks to the same Congress that passed what appeared to be the toughest reform law in American history.

Trade unions had been permitted to collect contributions from their members to be used to support political candidates. The amount of money available to the unions has always been a matter of public record, because it depended on contributions withheld from the members' pay each week. In 1972, union political spending reached about $8m. Most of this money went to Democrats and was viewed as a counterbalance, however inadequate, to massive giving by the wealthy to the Republican Party.

When Congress banned gifts from the rich, it decided that in equity it must give corporations the rights enjoyed by trade unions. As a result, the large individual contributor was replaced by corporate Political Action Committees (PACs). It is likely that the corporate PACs will provide the same flow of funds to their political friends as did the "fat cats."

"The corporations actually like the new law better than the old one," says a high-ranking official of the Federal Election Commission, the agency created last year to watch for violations of the new laws. "They used to have to whisper about politics in the board room. Now it's perfectly all right for them to talk about contributions openly."

The Supreme Court decision does not affect corporate donations to political campaigns, but it may result in weakening the Federal Election Commission's ability to ferret out any violations. The ruling allows everybody, including corporate officers, to spend unlimited sums on behalf of candidates so long as the funds are not actually controlled by the candidate or his campaign management. This could turn out to be an enormous loophole.

> 'The campaign reforms limit to $5.000 the contribution . . . to a single candidate. But another loophole nullifies this provision.'

The sponsoring corporations are allowed to cover administrative costs of the PAC's, in the same way as unions can pay such expenses for their political committees. But no union will be able to match the $500,000 for computer services that U.S. Steel plans to make available to its PAC in the guise of administrative support. The computers will be able to handle direct mail and get-out-the-vote operations.

Even more important to the corporations is a recent decision by the Federal Election Commission which allows them to compete with the unions for political contributions. In November, the FEC ruled that Sun Oil could set up a fund called SUN PAC to solicit donations from shareholders and employees. The company itself would appoint the officers of SUN PAC, and they will decide how the funds are distributed. Two of the six members of the FEC dissented. They argued that the law allowed corporations to solicit donations from shareholders only, and unions to seek gifts from their members alone. If the corporation sought contributions from employees, this amounted to soliciting the general public, which is banned by law. The unions cannot seek any funds from shareholders or anybody else, for that reason.

What really worried the dissenters, one of them a former union official, were [...] abuses when donations [...] lected from employee[s ...] SUN PAC ruling ra[...] spectre of top man[agement] soliciting contributions [...] the use of coercion. M[r.] Griebner, in charge of [...] Chamber of Commer[ce ...] gramme to encourage th[e forma]tion of corporate PAC[s,] says: "In every case I [...] the corporate people are [...] over backward to ma[ke sure] there is no coercion."

The law bans coerci[on and] retaliation against empl[oyees in] connection with politica[l contri]butions. The FEC says [...] like to be able to che[ck from] time to time to make [...] pressure is applied. But [...] the personnel to back up [...] PAC decision. As a re[...] FEC official says: "It's [...] investigative press to [...] with cases We can o[...] to complaints."

The campaign reforms [...] $5,000 the contribution [...] PAC to a single candid[ate ...] another loophole nullif[ies ...] provision. Any sp[...] organisation may set [...] number of PACs so [...] funds are not filtered b[...] forth among them. The [Ameri]can Medical Association, among the biggest donors, has establishe[d ...] national PAC and a [...] PAC for each state. [...] these committees may co[...] up to $5,000 to each c[...] for federal office. Theor[...] the AMA could provi[de ...] as $240m. this year alo[ne ...] course, it will not appro[...] mark, but the mere po[...] indicates that the new [...] will have little p[...] meaning.

The FEC is flooded wi[th ...] ments registering new c[...] PACs. Almost all c[...] PACs say they have [...] decided which candid[ates ...] back. One Washington ca[...] expert says that he believ[es] a campaign clearing ho[use has] already been quietly esta[blished] and that next summer th[...] will go out to the corporat[...] which candidates to sup[port.]

Disillusioned reforme[rs ...] count the old story of th[...] who confronts his Congr[essman:] "Congressman, you've [...] down to Washington for [...] now. Just what kind [...] Government have we g[ot?"] "I assure you, my frier[nd, we] have the best Government [money] can buy."

VERSEAS NEWS

IPLA sets sights on nita-held Angola ports

NE BERGEROL LUANDA, Feb. 9.

ING THE taking by rces yesterday of the ILA-Unita capital of a military spokesman ning stated it would be long before three or targets would in the nds: the cities of Luso Angola, and Benguela to on the coast. All ategically important f their positions along mile Benguela Railway nnecting Zaire and the Atlantic.

optimism is proved nd the present series ries by the Luanda es on, there appears a clihood that the FNLA-ces inside Angola will side the remaining FNLA forces in the north.

The taking of Huambo by MPLA forces and their Cuban allies on Sunday morning was confirmed to-day both in Kinshasa and Lusaka by Unita spokesman. No independent observers have yet made the journey from Luanda to Huambo to-day, but the MPLA is making efforts to call for national unity and patriotism behind the Luanda Government, now that it has gained military control of the Umbundu tribe's Unita heartland.

National radio broadcasts are presenting the MPLA victory as "a victory of the Angolan people," calling for "patriots" to lay down their arms if they were fighting with FNLA or Unita, or join the fight for national independence against "South Africa, Zairean and European mercenary forces."

PLA military spokes- revealed that the man as a "North American y" captured by MPLA to Antonio do Zaire a ago is in fact a British nd may be part of the mercenaries which left ecently to fight along-

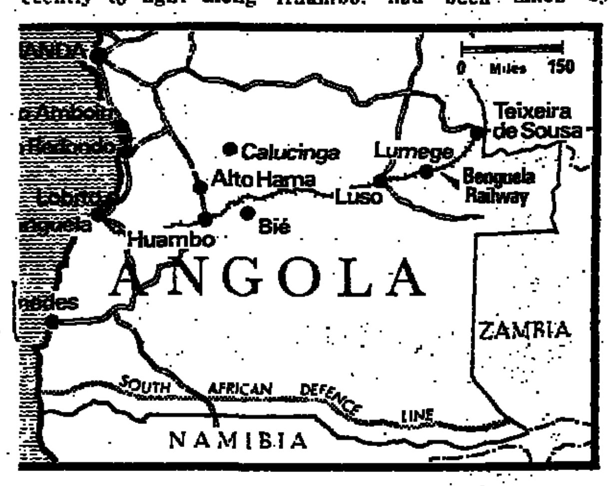
MPLA military spokesman Commander Ju-Ju said that the strategic crossroads of Alto Hama, which opens the way to Huambo, had been taken by MPLA forces last Friday, while Radio Huambo, the main Unita broadcasting station inside Angola, had ceased broadcasting after its Friday night news bulletin. During the final broadcast, a Unita spokesman had declared Unita forces were "on their way to Luanda" and he said "Huambo will never be taken by MPLA."

The military spokesman also said Radio Lobito stopped broadcasting some time ago, while refugees from Lobito with whom he spoke on Saturday reported that contrary to previous reports, the port of Lobito had not been destroyed.

Elsewhere on the southern front, there are other indications that MPLA forces may be near Benguela and Silva Porto (now called Bie). Radio Benguela is reported to have suspended news bulletins and be playing music only.

As for Silva Porto, the capture of Calucinga, by MPLA, announced on Saturday, opens the main road to the city, where Unita leaders fled from Huambo, and where a major airfield makes speedy air evacuation to neighbouring Zambia possible.

In the north, journalists were to-day visiting Santo Antonio do Zaire, taken over the week-end and commanding control over the Zaire river estuary. There are as yet no confirmed reports of the state of the oil installations at Santo Antonio. The oilfields provided 75 per cent. of Angola's domestic crude requirements before the war.



ita admits Huambo fall

LUSANA, Feb. 9.

). administrative capital golan Unita movement, ty to an overwhelming orce, Unita said here. s was announced by Mr. ngumba, "foreign sec- of Unita.

ngumba told reporters: orning we received a from the headquarters at Silva Porto that at an overwhelming force troops with supporting of all kinds finally rough the defences of "

id 6,000 Cubans were in the final attack on . They were supported e than 70 armoured including Soviet-built T-34 tanks. There were re than 20 helicopters with 20 mm cannon and ound rockets, he said.

lso said the attacking used several Fiat and ts and other conven- rcraft, and a large con- n of medium and heavy including Stalin organs which can fire 40 112 mm rockets at a time.

Mr. Samgumba said Unita had not been routed, but had retreated from the city to positions east and south. "Of course, the fall of Huambo is painful for Unita," he said, "but it is not a surprise or deadly wound. To lose a battle is nothing, what matters is winning the final battle and the support of the local population." If Unita lost all the towns, Unita would enter a new phase of guerilla warfare with 20,000 troops, he said.

To the east, Unita had retreated to Vila Nova, about 30 miles from Huambo, he said. To the south, Unita had retreated to heights a few miles from the city.

Reuter

● The possibility of promoting dialogue between the MPLA and Unita, two of the warring factions in Angola, was discussed yesterday at a meeting between the Foreign Secretary, Mr. Callaghan, and Colonel Joseph Garba, Nigerian Commissioner for External Affairs.

bin-Peres quarrel may ve been resolved

DANIEL

T between Israeli Prime Yitzhak Rabin and Minister Shimar Peres have been patched up, on the surface. In a t to the Knesset this , the Prime Minister st both the original or arms submitted to the the amended lists had roved both by him and efence Minister and that ement during a back- riefing with Israeli cor- nts in Washington had intended as criticisms the Defence Minister or nce establishment as a

eport from Washington ed a "senior source" as hat the lists has been ted, had contained too adgetry and thus had credit to Israel. This erpreted by correspon- d to press here as a ttack on the Defence Peres.

r Rabin, who was reply- motion of no confidence, d that the original lists d in 1974 had had to nded, in view of the cost of equipment in changes in the budget priorities so that the request became unrealistic. Some alterations had also been made because of an evaluation that there would be strong opposition to the supply of some items to Israel from the American side. The original lists had been drawn up following the separation of forces agreement with Syria and contained detailed requirements for 1974-79 and more general forecasts and requirements for the subsequent five years.

The motion of no confidence moved by the Opposition claimed that the statements made in Washington by the Premier had done unimaginable harm to the cause of Israel and the Government's creditability; that he had failed in distinguishing between internal discussions and harmful statements abroad; that the Premier was unable to stand up to conditions of stress and pressure and was therefore unfit to be Prime Minister at a time when Israel is and will be facing conditions of stress and tension.

The last was a clear reference to reports that have circulated for years that Rabin had had a nervous breakdown during the period immediately preceding the six day war when he was Chief of Staff.

hitlam lashes Governor

ENNETH RANDALL CANBERRA, Feb. 9.

der of the opposition, h Whitlam, to-night des- e Governor-General, Sir rr, as a "dishonourable eitful man" who had coup d'etat during Aus- crisis last year, "con- by the chief justice."

hitlam made the attack a nationally-televised — his first major ce since the Labor crushing defeat in the r 13 elections.

ew parliament meets for time next week and it ly expected that the pening by the Governor- will be boycotted by Ps and Senators.

hitlam admitted that his of Sir John Kerr was y strong words" ("I hat the ABC will use e told his interviewer.) ey are accurate words," "Sir John deceived me, eived people he had and worked with for here was a coup d'etat alia last year. Australia's tic system has been have faults and this has ed our standing in the d the Commonwealth." hitlam said his Labor Party government had suffered electorally because, like other governments, it had been held responsible for worldwide inflation and unemployment. "But we were defeated by the coup," he said, "which cut off our elected term at the half-way point for a second time."

Polisario claim

A spokesman for the Polisario Front, the Saharan independence movement, said in an interview published in Paris yesterday that it controlled all of the Western Sahara, with the exception of four garrison towns. He said that more than 1,000 Moroccans had been killed and 200 taken prisoner in fighting.

Cairo clampdown

The blackmarket shopping area in central Cairo was cordoned off yesterday by police and security men, and 14 shops were closed after checks on the misrepresentation of the origin of goods. The clamp-down and investigations came four days after a man was killed in a dispute over the origin of two shirts, writes Michael Tingay.

BANGLADESH

Smack of firmer government

BY KEVIN RAFFERTY, RECENTLY IN DACCA

THE POLICEMAN near the Bangladesh Government central secretariat, smart in his laundered white uniform, peaked cap and shining knee-high black boots, flicked out his arm nearly under the nose of my taxi driver; the machine rattled and shuddered to a halt. Not since the days of the Pakistan Army had I seen such a show of discipline in Dacca.

Other things have changed since the time when Sheikh Mujibur Rahman was in power. What impresses the foreign observer is often the superficial. The cycle rickshaws, one of the main means of transport for Bengalis rich enough to afford transport, are forced to use cycle tracks where they are available instead of spilling all over the road. The three-wheeled scooter rickshaws or baby taxis have newly fitted meters. Police and army patrols on the streets make it safe to wander about at night.

Harvest

The biggest change is that for the first time in years there has been a bumper harvest. Grain depots are brimming over, bellies are full, and some farmers are discussing whether to bother to plant the next crop. In the towns rice prices have come down, and I noticed that even some squatter families had some food to put into their cooking pots.

The new Government can hardly claim credit for the weather, but most observers agree that the martial law administration, in which Major General Zia ur Rahman is the strongman, has given Bangladesh a glimpse of hope which was lacking in the previous four years since the creation of the state. It is a "non-political" Government, run by a man who has been used to giving orders and seeing them carried out. Decision making no longer has to run the obstacle race of Sheikh Mujib's political process, when even trivial matters were subject to corruption and long delay before the matter came to the attention of the Sheikh himself. There is no taint of corruption about General Zia. One of his acquaintances of long-standing told me that some years ago the General had borrowed the equivalent of £23 for house furnishings which he was still paying off at £1.65 a month; had he been corrupt he could have repaid in a trice in cash or kind, using his privileges as chief of staff.

General Zia has endeared himself to western countries by showing more favour towards individual initiative and private enterprise. His Government has promised to pay compensation to the owners of industries Sheikh Mujib nationalised. It has raised the ceiling on private sector investment from taka 30m. (about £986,000) to taka 100m. It has thrown a number of activities previously limited to the public sector open to private businessmen. It has revised the labour laws to cut out abuses.

In addition, General Zia himself has promoted a family planning campaigns throughout Bangladesh though experts still expect the population to double to 150m. on a land area the size of England and Wales by the turn of the century. The bureaucracy has been thoroughly shaken up in an attempt to improve its efficiency and ability to take decisions. As an extra toning up measure, as it was put to me, civil servants have to be at their desks by 7.30 a.m., not 10 a.m. as previously.

Changes

So much has changed since October in Bangladesh that some people are beginning to make comparisons with Pakistan in 1958 when General Ayub Khan took over to clean up the mess that corrupt politicians had made. The comparison is a tempting one but there are big differences, quite apart from the fact that General Ayub later provoked a costly war with India in 1965 and built up a greedy and not incorrupt military machine.

For all his admirable qualities, General Zia has not had the experience of administration or policymaking that General Ayub had had in 1958. Politically he has worked hard to secure a stable base for the Government. The most obvious potential source of opposition is in the army, and there was at least one challenge to General Zia's authority on December 23, when he tried to banish the tanks that had stood around Dacca since their use in the coup in August had sealed the overthrow of Sheikh Mujib. But General Zia was successful, and to-day most of the tanks are at Bogra, 100 miles and several river crossings away from Dacca.

Bengalis thought that the Jawans, the ordinary soldiers who tasted power when they intervened to put General Zia back in the saddle in November, would cause problems, but he has asserted his dignity and the need for discipline. Members of the JSD (National Socialist Party) and others advocating a "people's army" have been rounded up. Some senior officers have been retired and others shuffled to new posts. General Zia has tried to head off troubles from students with a series of raids to round up people who should not be in the Dacca campus, and with promises of more money for the university. The authorities will not divulge how many people are in prison, but say it is far fewer than the figure of 62,000 bandied around Dacca. The Government says it is releasing prisoners previously detained for political reasons and has already set free "thousands."

The Government faces a difficult decision as to whether to hold elections as promised in February next year.

Most commentators believe that General Zia had power thrust upon him rather than seeking it, but that passing power back to the politicians will be a different matter. At the moment the right wing groups want elections immediately because they see Indian spectres on every corner which they believe will take over the country the longer elections are delayed. The disorganised Left seems in no hurry for elections.

With or without elections Bangladesh may find life difficult without a strong and popular elected leader: with all his faults Sheikh Mujibur Rahman could claim that no other politician could match his national standing or political stature and ability.

Law and order

In the circumstances General Zia may find it easier and in the short term better for Bangladesh to retain power, though that would almost certainly meet with opposition from his family who are quick to remind him that he is only a bullet away from death.

The new Bangladesh Government still has a lot to do. Practically everyone I met praised the improvement in law and order and the measures to stamp out corruption. Yet in Dacca I chanced to meet a British volunteer who had gone down to Chittagong port to watch the safe delivery of £20,000 worth of machinery. When he arrived he was told that three of the 23 *crates appeared to have been* mislaid.

Only when he went round himself with them were the three "missing" crates discovered, out of sight but not too far away from the main stack of 20.

EUROPEAN NEWS

Portuguese military 'to surrender power'

LISBON, Feb. 9.

THE PORTUGUESE Armed Forces have handed the five main political parties a draft constitutional pact which confirms civilian rule for the next four years, party officials said here to-day.

The revised military draft abandons previous demands that the Armed Forces' Council of the Revolution should retain powers to override future civilian Governments.

Dr. Francisco Sa Carneiro, secretary-general of the Centrist Popular Democrat Party *(PPD), told Reuter last Friday* that the Armed Forces were no longer insisting on the right to veto Government legislation or choice of Prime Minister.

The Council of the Revolution will still have a limited role as constitutional watchdog, but its powers will be largely limited to those of a consultative Upper House of Parliament.

Reuter

New Lisbon loan likely

BY RUPERT CORNWELL

BASLE, Feb. 9.

THE BANK for International Settlements is understood to be studying the possibility of a new gold-backed loan to Portugal, following the credit made available last year.

Although a BIS spokesman declined comment, central bankers attending this month's regular discussions here pointed out today that such a move would be a natural follow-up to the $250m. lent to Lisbon recently by the *Bundesbank* and a similar $50m. credit from the Swiss National Bank.

The new loan might be as much as $250m. France is also known to be considering like action to bolster Portugal's depleted currency reserves. At the end of November these totalled $1.485bn., of which $1.142bn. were in gold.

The proliferation of such borrowings underlines the growing dilemma on gold facing the Governors here—torn between the widespread interest in keeping bullion at, or at least around, its present level of $130 per ounce, and the threat of IMF sales as agreed in Jamaica in January. It now looks as if the first sale of gold designated to finance the new Trust Fund for the poorest countries has been put back.

One Governor here doubted any move until the end of March and emphasised that it would first have to be approved by the IMF Executive Board—thus giving national governments closer control.

A new dispute also seems to be brewing between the U.S. and the gold-conscious European countries on to what extent the BIS should act as a buying agent for central banks. This might put a de facto floor price under the metal, a notion strongly opposed by *Washington.*

Faith in franc

Meanwhile participants at to-day's meeting exuded confidence in existing EEC exchange rates despite the flurry on the markets after the abrupt 10 per cent. depreciation of the Peseta. Authoritative French sources were confident the franc could weather *the storm. Although* the Bank of France has spent an estimated $1bn. in the last three weeks propping up the rate against the D-mark they pointed out that this was still "not much" compared with the inflow of currency into France late last year.

Following the German Government spokesman's denial of an imminent mark revaluation Bundesbank officials to-night were also minimising the risks of the situation. Senior Swiss private bankers tend to agree—at least for the moment—and point out that the franc has still some 1.5 per cent. to fall within its existing "snake" margins against the D-mark.

In the longer term they are not so sure, if Paris fails to get a better grip on industrial costs and inflation. No one, however, under-estimates the immense political obstacles in the way of either a franc devaluation or a German revaluation.

Reuter reports from Lisbon: The Portuguese Government said all the country's private exchange houses would have to cease trading by the end of June 1976.

The private exchange houses recorded an upturn in business after the nationalisation of the main private banks in March 1974, since, unlike the banks, they did not suffer strict government controls in rediscounting bills.

The Government last month suspended all private dealing in gold and shifted the responsibility for fixing daily currency exchange rates from the exchange houses to the Bank of Portugal.

New role for Luns in cod dispute

By David Buchan

ONCE AGAIN Dr. Joseph Luns, Nato's Secretary General, has been asked to mediate in the fishing dispute between Britain and *Iceland.* At Britain's invitation, Dr. Luns will arrive in London to-morrow for talks on the issue with the Foreign Secretary, Mr. James Callaghan, and the Agriculture and Fisheries Minister, Mr. Fred Peart.

Dr. Luns will be told of the details of the voluntary restraint that British trawlermen have now agreed to impose *on their* catches in Icelandic waters. Thus armed with the details of this conciliatory gesture, Dr. Luns—so it is hoped in Whitehall—might then try to get the Icelanders to resume talks without harassment of British trawlers by Icelandic gunboats. Dr. Luns stage-managed the start of the last round of talks in London last month, which ended in disagreement.

But the Icelandic Prime Minister, Mr. Geir Halgrimsson, yesterday reiterated in Reykjavik that no talks could be held while British warships stayed in Icelandic waters. A Foreign Office spokesman said yesterday: "Although we are taking this step, we continue to doubt whether the Icelandic government is able to reach any settlement."

FAY GJESTER writes from Oslo: Norway would like to negotiate with EEC members one at a time about Norwegian plans for a 200-mile economic zone, Mr. Jens Evensen, the Fisheries Limits Minister, said in a radio interview to-day. He stressed, however, that the Government would be prepared to negotiate with the Nine as a group, through the EEC Commission, if the EEC Ministerial Council decided on this course.

Mr. Evensen was commenting on Mr. Roy Hattersley's recent statement that from now on Norwegian-British negotiations on fisheries questions would have to be conducted through the EEC Commission in Brussels.

Slight recovery in Europe's demand seen

BRUSSELS, Feb. 9.

THE EUROPEAN Common Market forecast a mild economic upturn in 1976 but warned that it will be hard to slow down inflation. Signs at the end of 1975 pointed to "some pick-up in demand, some renewed stockbuilding and a certain normalisation of consumer behaviour," a Common Market report said.

It predicted a "progressive improvement" in 1976, with an end to the decline in business investment, a possible slowdown in wage increases and an overall growth rate of 3 per cent., compared to the 2.5 per cent. fall in 1975 in the nine Common Market nations.

But it said that "it will be increasingly difficult, at least for the Community as a whole, to reduce inflationary pressures any further," even though inflation "has not yet been brought down to an acceptable level." It predicted "substantial" increase in the costs of energy, food and industrial raw materials.

Despite this, it said, the Common Market nations should follow an "expansionary" monetary policy.

UPI

EEC, Canada to discuss comprehensive trade pa

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, F

EEC FOREIGN Ministers to-day formally gave the go-ahead to the opening of negotiations with Canada for a new type of economic and commercial co-operation agreement. The pact would be the first of its kind between the Community and a major industrialised nation, and could set a precedent for similar agreements with other countries.

A final decision by the Nine had been held up by Danish insistence that Canada should undertake to offer non-discriminatory access to its raw material and energy resources as part of the deal. The Danish objection was lifted following talks at the International Energy Agency in Paris, during which Canada undertook to try to reduce discrimination progressively.

Details of the agreement, which the Canadians have been seeking since 1972, will have to be spelled out in negotiations. The idea, however, is that it should go beyond traditional trade agreements and provide for various *forms of economic* co-operation, including joint ventures and business contacts. Britain and France have given their accord on the understanding that the agreement with the Community will not interfere with their bilateral relations with Canada.

The timetable for the opening of negotiations will almost certainly be discussed when M. François-Xavier Ortoli, the Commission President, pays a three-day official visit to Canada starting on February 18. He is to hold talks with Mr. Pierr Trudeau, the Prime Min officially open an EEC d office in Ottawa.

Meanwhile, the Counc approved a Community $C78m. to the British S poration to help sec Corporation's long-term supplies in Canada. will contribute towards a ment project to ext pelletise iron-ore fron mine at Fire Lake, Qu British Steel Co (International) Limited owned subsidiary of the tion, will have a 41.67 share in the new compa will be formed to carr project. SIDBEC, the owned *steel* producer, 50.1 per cent. and Queb Mining Company 8.23

Nine split on parliament

BY REGINALD DALE

BRUSSELS,

EEC Foreign Ministers to-day made little progress on the sensitive question of how many seats each country should have in the new European parliament when direct elections start in 1978. After an inconclusive discussion here to-day it became increasingly clear that the issue will have to be passed up to the nine heads of government for settlement at their next summit.

M. Gaston Thorn, the Council President, to-day made it clear that it would be difficult to meet the 1978 deadline if a decision was not taken by then. All the Nine except Britain and Denmark are now firmly committed to holding the first direct election in May, 1978.

The British White Paper on the elections has still not been published, but British officials to-day said the Government should be able at least to agree on the size and composition of the Parliament without having to wait for the debate in the U.K. on other aspects, such as the size of constituencies and voting methods, to be completed.

To-day's main new development was an Italian compromise proposal under which the new Parliament would have a total of 361 seats, against the 355 proposed by *the Parliament itself,* and the numbers for smaller countries like Ireland would be marginally increased. Germany would have 74 seats, Britain 68, Italy 67 and France 64. Proposals on the table now range from a Parliament of 284, advocated by France, and the 384 seats suggested by the Irish.

After Dr. Garret Fitz Irish Foreign Minister, again pressed his coun Mr. James Callaghan, t Foreign Secretary, said remember that 5m. Sco Welshmen would get fe than 3m. Irish. Dr. swiftly pointed out t were "provinces" not dent states.

Welsh MP takes up c of Breton nationalist

BY ROBIN REEVES

STRASBOURG,

FRENCH JUDICIAL processes came under attack from British Socialists in the European Parliament's first-ever debate on human rights within an EEC member country here this evening. In an emotionally charged atmosphere, Mr. *Tom Ellis, Welsh* member of the Socialist group, argued that the imprisonment without trial of Dr. Yann Fouere, a Breton nationalist leader, and other prominent members of non-violent cultural and movements in Brittany October last year, war intervention of the Bru mission.

Sig. Scarasia Mugnoz Commission, insisted vention would contr principle of the d powers between it an Governments and, an case was sub judice.

EUROPEAN NEWS

…oviet conspiracy …al begins Belgrade

…AUL LENDVAI VIENNA, Feb. 9.

…RST of a series of major trials of pro-Soviet con… accused of anti-State … and contacts with … exiles in Eastern … began to-day in …

…ur accused include Mr. …rkic, 53, who after the World War was Deputy … of the Republic of … Mr. N. Stefanovic, a …chief editor of Tanjug, …al news agency and two …ersons. All four were … sentenced to prison … after the Tito-Stalin …n 1948. The four men …rged with plotting to …goslavia under "foreign … and of having contacted … Stalinist exiles in … Kiev, Budapest and …; to some reports also …e.

…help

…ally they inquired … the Soviet Union would …g to intervene by force …slavia if a group of …mrades" ask for Soviet …ter President Tito's … from the political … is understood that only …e defendants, a certain … Radulovic, who acted …urier of the group on … the Soviet bloc in 1968 …3, confessed to be … guilty." The trial is …amera.

…urther trials against …Soviet conspirators in …, the capital of the auto… province of Vojvodina, and a nine-member-strong group in the Bosnian city of Banja Luka are expected also to begin in the near future. All these groups are popularly called "Cominformists." As the Cominform was the name of the International Communist Organisation set up by Stalin after the Second World War from which hhe Yugoslav Party was excommunicated in 1948 (the organisation was dissolved in 1956), the term is used as an indirect but clear reference to pro-Soviet elements. Similarly the expression "foreign supporters" in these cases always mean the Soviet Union and other bloc countries.

Leading Yugoslav officials repeatedly refer to the subversive activities of "Cominformist exiles," but stopped short of directly accusing the Soviet Union or other East European countries. Nevertheless, the secret trial in Belgrade must be regarded as an unequivocable warning to Moscow that the Yugoslavs are treating the pro-Soviet elements as "traitors" and that they are ready to defend their independence.

Meanwhile, during the weekend, 19 Albanians accused of irredentist activities in the province of Kosovo, which has a mixed population, were sentenced to prison terms ranging up to 15 years. They were accused of separatist activities aimed at splitting the province, together with parts of Macedonia and Montenegro, from the Yugoslav federation. The trial has subjected Albanian-Yugoslav relations to renewed strains.

…omanian orthodoxy

…UL LENDVAI VIENNA, Feb. 9.

…portant address to the … of Local Councils the …n party leader President …olae Ceausescu spoke … week firmly in defence …arxist thesis of the revo… dictatorship of the …t as the state in the … period from capitalism …anism.

…the most democratic … state is nothing else …e by the capitalist class, …

… without referring to …ction of this sacred … dogma by the French …ist Party, Mr. Ceausescu … time and again clear … *all their independence* …olicy initiatives on this … the Romanian leaders fully share the Soviet point of view.

The Romanian leader stressed that revolutionary changes would be unthinkable without a "uniform planned direction" of society since otherwise reactionary forces in the name of a so-called "pure democracy" would only sabotage the building of a new society.

The Romanian leader also emphasised tht his regime will never endanger the revolutionary achievements by neglecting its obligations towards the interests of the working class. This means in fact that the Romanian regime faced with growing economic strains and popular *dissatisfaction is not willing to* relax central control, or to liberalise political life.

Waldheim sees Cyprus talks delay

UNITED NATIONS Secretary-General Dr. Kurt Waldheim warned in Canberra yesterday that the next round of the Cyprus negotiations, due to open in Vienna next Monday, could be delayed by difficulties in framing an agenda, writes Kenneth Randall.

"I hope, but cannot guarantee that the meeting will open on time," he said at a National Press Club meeting. Dr. Waldheim will fly to Europe from Manila for the meeting later this week, after his brief tour of Pacific countries. He said that the problems being *encountered* were "very complex"

Soviet Jews

The number of Soviet Jews emigrating to the U.S. dropped from 622 in 1974 to 585 in 1975, according to figures released by the American Embassy in Moscow yesterday, *UPI* reports. The 6 per cent. drop was in line with official Soviet claims of a smaller exodus of Jews to Israel last year.

German living costs

The West German cost of living index rose 0.8 per cent. in January from December to stand 5.3 per cent. above January 1975, the Federal Statistics Office in Wiesbaden said, Reuter reports.

Iron, steel output

West German crude steel and pig iron output in January rose from December but remained below year-earlier levels, the Federal Statistics Office in Duesseldorf said yesterday. Crude teel production on January was 3.24m. tons, against 2.67m. in December and 4.19m. a year earlier, AP-DJ reports.

Italian production

Italy's industrial production index, base 1970, fell in December to 103.9 from 109.3 in November, but was 0.6 per cent. above December, 1974, according to provisional figures from the Central Statistics Institute (Istat), Reuter reports.

Arms cut call

A three-day meeting of European centre and agrarian parties has ended in Helsinki with a call for cuts in European armed forces and a nuclear weapons ban, Reuter reports. The meeting, hosted by the Finnish Centre Party, and attended by 33 delegations from 22 European countries, *stated its full support for the* principles laid down at the European Security Conference

BONN'S POLITICAL PARTIES

On an unstable see-saw

BY NICHOLAS COLCHESTER, BONN CORRESPONDENT

THE GOVERNMENT of one of the West German Federal states falls because, in circumstances of some intrigue, the succession of a new state Prime Minister misfires. This is the basic story of recent events in Lower Saxony. At first glance, it does not have the look of a major political development. Yet for three reasons it has shaken this election year to life—because the German political scene is otherwise unexciting, because the balance of political power in Bonn is fine, and because the *upset is a bolt from the blue*—something which German politics has lacked since Willy Brandt resigned as Chancellor almost two years ago.

German politics are unexciting at the moment because they are almost devoid of ideological conflict. The conservative opposition, the Christian Democrats, sit a stone's throw away from an overall majority and have no idea how to reach it. They are bemused because the governing coalition of Social Democrats and Free Democrats is pursuing a fair approximation of the CDU's own policies. Although the task of an opposition is to oppose, the CDU have found out to their cost how irresponsible it looks to oppose a system which works with which they agree, and which, indeed they established in the first place.

It is because Bonn politics consists of an intricate dance around the centre that the outside observer is left unexcited and mystified. Where are the primordial political forces propelling Germany towards some new catastrophe? If they exist at all they are not identifiable in conventional political terms. On the Right, the Nationalist Party has made no headway in a period of high unemployment, nor has the Communist Party. Judging from the outcome of state elections and from the political tone in the universities the result of the recession has been a migration towards the centre. The result is like a see-saw with its entire crew gathered at the fulcrum—oppressive and unstable in a very unfrightening way.

Until the events in Lower Saxony, there was a growing atmosphere of resignation in the CDU camp. The Free Democrats, the liberal Party headed by the *Foreign Minister, Hans-Dietrich* Genscher, had made it clear that they intended to remain in coalition with the Social Democrats: With the carrot of another term in power, the latter had been masterfully induced by its leadership to paper over its ideological differences. It could thus pursue a course which made further co-operation with the Free Democrats feasible and which allowed its Chancellor Helmut Schmidt, to pursue policies the CDU could barely quibble with.

There was a growing feeling among political observers that the SPD-FDP coalition was running out of steam and might fall apart from sheer lack of mutual enthusiasm: but not apparently in this election year. The stage was thus set for a general election repeat of last year's state elections with the CDU acquitting themselves well, but not well enough to offset Chancellor Schmidt's good standing with the electorate.

Then Lower Saxony provided with the crack in the coalition into which the CDU might insert a crowbar and prise the thing apart. In voting for the successor of Alfred Kubel, the SPD Prime Minister of Lower Saxony, three unknown coalition members of the State Parliament spoiled their papers in the secret ballot and a fourth cast his vote for the CDU contestant, Herr Albrecht. So *narrow had been the coalition's* majority that Albrecht was elected and faced the impossible task of forming a Government on the strength of a turncoat vote. Both sides of the local FDP-SPD coalition refused to re-align, so after three weeks the vote for Prime Minister was repeated.

> Events in Lower Saxony have roused German politics in an election year

To prevent a repeat of the embarrassment, the Bonn coalition sent down the Minister of Housing, Karl Ravens, as their candidate. Last Friday, the vote was held again and to the coalition's dismay confirmed the CDU candidate as State Prime Minister. In the course of the secret ballot two coalition members had voted against their own candidate. Given this double rebuttal the coalition conceded that it must dissolve itself and, subject to tricky negotiation, a CDU-FDP Free Democrats, was that the upset would have "no effect on the co-operation of the coalition in Bonn." Helmut Schmidt gave the same assurance, but from a weaker position. Were this the decade of the 'sixties when different combinations of coalition in the state Parliaments were not abnormal, it would be easier to believe them. But the Bonn coalition's ability to govern is inescapably affected because the ascendance of the CDU in Lower Saxony gives the opposition a big majority in the Upper House of the German Parliament. Moreover, this Upper House must shortly vote on the Polish agreement, a piece of foreign policy of emotional importance.

For five years, the relations between West Germany and neighbouring Poland have been bedevilled by argument over the repatriation of ethnic Germans stranded in Poland by the shift of Frontiers after the last war and over Polish claims, in particular for lost pension payments, arising out of the war. The Polish agreement was to have ended this argument. Bonn was to grant Poland DM1bn. in cheap credit and to pay DM1.3bn. in pension contributions. In return, Poland would allow 125,000 ethnic Germans to emigrate back to Germany.

The official CDU line, as laid down by the Party leader and candidate for Chancellor, Helmut Kohl, is that this is a poor deal which requires renegotiation. The upset in Lower Saxony has suddenly given the CDU the power to block the deal—and put it into a tricky situation. In the last three weeks the CDU, only unwillingly followed by its Right wing Bavarian sister party, Franz-Josef Strauss's CSU, has studiously wooed the Free Democrats. After Hanover, the Party's secretary, Herr Biedenkopf, proclaimed that "the moment has now come when the FDP can and must show how free it really is and whether it can escape the embrace of the SPD."

coalition in the State is now a possibility

The immediate reaction of Herr Genscher, the leader of the

So the CDU is understandably very undecided how best to handle the Polish agreement from its new position of influence. Should it wreck a piece of policy prepared by the Free Democrats' leading Minister? Should it risk coming to power and being burdened from the start by poor relations with Poland? Would it not face a charge of inhumanity if it prevented the 125,000 Germans from coming home?

For the next few weeks the CDU's handling of this tricky affair and the reaction of the Free Democrats will be the central theme of the early stages of the election campaign. Both parties have called meetings of their top leadership to discuss the matter. The Free Democrats, whose continued influence lies in coalition with somebody, must consider the fact that a revolt—widely considered to be from within the FDP's ranks—has given the CDU its first tangible gain since 1969.

The effect of the upset in Hanover has been to shift the big question of this election year away from "the battle of the two Helmuts"—Helmut Schmidt and Helmut Kohl—and back to the cohesion of the coalition which Helmut Schmidt leads. The coalition has cracked in an area where SPD and FDP were particularly incompatible, and cracked in a way which directly reduces its national ability to govern. This is a situation which the Christian Democrats have to exploit.

Irish government rejects two-tier management boards

BY GILES MERRITT DUBLIN, Feb. 9.

THE IRISH Government has rejected a trade union call for two-tier management boards on the grounds that it would delay worker participation in industry "until the early 1980s."

The two-tier system was proposed only last week by the powerful Irish Congress of Trade Unions, which groups over 90 unions here, as "essential for industrial democracy." The ICTU urged that the seven Irish semi-state organisations selected last year as guinea-pigs for *worker participation should be* controlled by a supervisory board, as well as a management board, rather than by the single board manned one-third by elected workers that was originally decided.

Defending his decision to enlarge the semi-state bodies' boards to include worker-directors, while rejecting the two-tier system, Labour Minister Mr. Michael O'Leary stated: "The single board system offers the speediest implementation of worker participation having regard to our business and industrial structure."

He also explained that he believed there was "no difference of principle" between the ICTU proposals and his own, only "a difference of method."

Whether or not Mr. O'Leary's refusal to change the direction of Ireland's worker participation programme closes the chapter remains to be seen. The Government and the unions are now at odds over the still-unsettled question of a voluntary pay pause during 1976, demanded by Premier Mr. Liam Cosgrave.

Smarting under the effects of the tough Budget unveiled a fortnight ago, the unions are *apparently not in the mood to* discuss pay restraint, let alone a system of industrial democracy that they now consider unsatisfactory and imposed.

Mr. O'Leary has pointed out that the single-tier system announced seven months ago, and since outlined in a White Paper, now requires the "endorsement" of the workers' representatives. Although the system originally appealed to the ICTU, which had itself called for such a scheme back in 1968, it now seems likely that it will withhold its backing, if only as a mark of its more general dissatisfaction with the Government's economic policies.

It is also known that the unions have since become aware that the Government's single-tier proposals are, for the time being at any rate, somewhat limited in scope. While the seven public sector companies selected for the private scheme range from Aer Lingus to the ESB electricity board, and affect 50,000 workers, the extent of the participation is not great.

The new worker-directors, who will be elected under proportional representation, will have their powers restricted to veto or approval of executive decisions that *will remain firmly in the* hands of the existing management.

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OBITUARY

E. D. L. LEE, "E.J." On February 7th at Victoria Hospital, much loved husband of his late wife "Betty" and father of Patrick, father-in-law of Evelyn and grandfather of Steve and Nicholas. Funeral at St. Cuthbert's, Lytham, on Thursday, February 12th, at 1 p.m. No flowers. Donations if desired to cancer research.

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COMPANY NOTICE

THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED will be held in the Hotel Lancaster, 7 rue de Berri, 75 Paris 8 ème, on Monday, 8th March, 1976 at 12 noon for the purpose of considering and, if thought fit, passing the following two Resolutions of which the second will be proposed as a Special Resolution, viz:—

1. That this meeting hereby sanctions and approves the arrangements for the participation of the Company in Aprovechamiento Integral de la Pirita, S.A. ("AIPSA") which were outlined in the circular letter from the Chairman to the Members of the Company which accompanied the Notice convening this meeting dated 9th February, 1976 and authorises the Directors of the Company on behalf of the Company to enter into, execute and do all such agreements, deeds, acts and things as may be required to give effect to such arrangements subject to such modifications as the Directors may think fit.
2. That the capital of the Company be increased from £3,000,000 to £4,000,000 by the creation of 500,000 new Shares of £2 each and, without prejudice to the right of the Directors in terms of the Articles of Association of the Company to allot, grant options over or otherwise deal with or dispose of such new Shares to such persons at such times and generally on such terms and conditions as they may think proper, the Directors be and are hereby specifically authorised and empowered to issue these new Shares in accordance with the arrangements outlined in the circular letter from the Chairman to the Members of the Company which accompanied the Notice convening this meeting dated 9th February, 1976.

BY ORDER OF THE BOARD
R. N. PETERS,
Secretary.

Registered Office:
136 West George Street,
GLASGOW G2 2HF.
10th February, 1976.

NOTES

(1) Any Member of the Company entitled to attend and vote at the Extraordinary General Meeting convened by the foregoing Notice is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a Member of the Company. To be effective forms of proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.

(2) Copies of the circular letter from the Chairman to the Members of the Company which is referred to in the resolutions set out in the Notice of Meeting and instructions as to the procedure to be followed by the holders of Share Warrants to Bearer who wish to be present or vote by proxy at the Extraordinary General Meeting may be obtained from the Registered Office of the Company or from any of the following appointed depositaries:—
Lazard Frères et Cie., 5 rue Pillet-Will, Paris.
Banque Vernes et Commerciale de Paris S.A., 11 rue de Tilsitt, Paris 17.
Banque de Paris et des Pays-Bas, 3 rue d'Antin, Paris.
Crédit Suisse, Lausanne, Switzerland.
Lloyds Bank (Belgium) S.A., 2-4 rue Royale, Brussels.
Banque Générale du Luxembourg S.A., 14 rue Aldringer, Luxembourg.

LEGAL NOTICES

No. 00389 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of D. & H. REINFORCEMENT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of February 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 8th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person, or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 5th day of March 1976.

No. 00413 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BRIDGING SECURITIES FINANCE LIMITED and in the Matter of The Companies Acts, 1948 to 1967.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 4th day of February 1976, presented to the said Court by THE SECRETARY OF STATE FOR TRADE whose address for service is c/o the Treasury Solicitor, 3, Central Buildings, Matthew Parker Street, London SW1H 9NN, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 8th day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TREASURY SOLICITOR,
Matthew Parker Street,
London SW1H 9NN.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 5th day of March 1976.

HOME NEWS

New Airedale road inquiry to be set up

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

AFTER NINE abortive attempts to get hearings under way, the public inquiry into the Aire Valley road scheme has been abandoned by Mr. John Silkin, Minister for Planning and Local Government.

The inquiry, at Shipley in Yorkshire, has been the scene of repeated demonstrations by objectors to the road proposals, with hearings broken up by noisy protests and some physical violence. Over 20 arrests have been made as a result of the disturbances. The inquiry has cost the taxpayer an estimated £27,000.

Yesterday, Mr. Silkin said in London that the inquiry would start afresh as soon as possible "in a location and under arrangements which will provide better safeguards against irresponsible interference with the orderly conduct of the democratic processes on which our inquiry procedures are based."

He could not give any further details about the precise location or the measures which would be taken to eliminate further trouble. A new inspector is likely to be appointed.

Regrettable

The Minister said it was regrettable that, since the inquiry first began last November, "representative local bodies and individual members of the public have been denied the opportunity to put forward their reasoned arguments by the acton of people who, in the name of freedom, have denied to others the exercise of rights guaranteed to them by law and custom."

Mr. Silkin pointed out that, throughout the hearings, not a single objection had been allowed to be put properly. His decision to call for a new inquiry, which would still be held in th earea affected, was in order to safeguard the right of objectors to make their case and to eliminate the threat of violence which had accompanied the first inquiry.

It was "deplorable" that certain people had forced entry into the inquiry and caused personal injury and damage to property. It was something "totally alien" to the accepted way of handling such situations and he intended to ensure that similar occurances were not permitted again.

Mr. Silkin, commenting on the review of public inquiry procedures which he has now put in hand, said he wanted to see the results as "speedily as possible." While procedures had been constantly brought up to date, he wanted to establish that existing arrangements were adequate for current circumstances.

Among points to be considered were whether sufficient evidence was given at hearings and whether set procedures should be introduced. The question of whether or not inquiry inspectors should in any way be connected with the Ministry involved in the proposals put before a hearing might also be examined.

Men and Matters, Page 14

Perkins Engines speeds £15m. investment plan

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

Perkins Engines, the world's largest diesel engine producers, which has just announced records of output and exports from its Peterborough complex, is pushing ahead rapidly with a further £15m. investment in buildings, plant and other facilities.

More than 261,300 engines were built at Peterborough, a 13 per cent. increase over 1974, while engine kits for assembly overseas reached 100,874, almost twice the figure of two years previously.

Perkins Engines, a subsidiary of Massey-Ferguson, has been among the major beneficiaries of the oil crisis. Its expansion is putting pressure on cylinder block, injection equipment and other specialist component makers in its programme to increase capacity by more than 1,000 engines a week by the end of the year, to give an annual capacity of 320,000 units.

The company expects world demand for diesels in the 30-400 bhp range to expand sharply from less than half the market for all engines to nearer 70 per cent.

In some Perkins Engines overseas markets, the price difference between diesel and petrol is as much as ten times, and, while the gap may narrow, diesel is expected to command an appreciably lower price.

This, together with a saving of about one-third in fuel costs compared with a petrol engine, will, it is anticipated, ensure that diesels will take an increasing share of a growing market.

SNP 'fair partnership with England' call

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

FRESH from its recent local *government by-election victories*, the Scottish National Party is continuing to moderate its policies on Scottish independence. In a new propaganda campaign, launched yesterday through its 480 branches, the party stresses its objectives of creating a "genuine and fair partnership" between Scotland and England."

It repeated its existing commitment to the view that a Nationalist victory in a majority of Scotland's 71 parliamentary constituencies would be regarded only as a "mandate to negotiate" with Westminster, not as a mandate to withdraw from Westminster and declare independence.

In its campaign the SNP is attempting to counteract the "greedy separatists" accusation which is increasingly levelled *at it by opponents*. It is arguing that independence can be achieved gradually by strengthening the powers of the proposed Scottish Assembly.

It has softened its policy as well on "Scotland's oil." In the past, this has rested on the simple assertion that a Scottish government would have complete control of North Sea oil resources. Now, the SNP is saying that a Scottish parliament should have "the right to decide how to share the benefits from Scottish oil."

Mr. William Wolfe, the party chairman denied that a Nationalist-controlled Scotland would immediately reduce the flow of *oil from North Sea fields*. "We would have to accept the rate of flow which exists at the time of independence. It can obviously not be turned off."

New Finance Bill urged

BY MICHAEL LAFFERTY, CITY STAFF

A CALL for indexation of tax reliefs, allowances and thresholds, and a new Finance Bill to deal with all agreed taxation anomalies are among principal points of a memorandum submitted to the *Inland Revenue Board chairman* by the Consultative Committee of Accountancy Bodies.

The committee says a substantial number of anomalies and practical difficulties have come to light since it last submitted a memorandum in 1973, "due to the increasing volume and complexity of fiscal legislation in recent years."

It criticises the present practice of dealing with anomalies by extra statutory concessions, Parliamentary statements, Press releases, statements of practice and correspondence.

"The time has come for all agreed anomalies to be dealt with by *legislation in a special* Bill," the statement adds.

The accountancy bodies say that the opportunity could be taken to make a complete revision of certain parts of the legislation, many parts of which, they say, "are so fraught with *difficulties that nothing less* than a complete revision of the relevant sections would cure the effects that exist."

The committee claims it is "inequitable and illogical" that particular classes of trading expenditure do not qualify for tax relief.

Examples include expenditure on commercial buildings, certain exchange losses, Class 4 national insurance contributions by the self-employed, and costs of raising capital.

An early announcement on how stock relief is to continue and its effect on taxation liabilities due before the 1976 Budget *is another point raised.*

Fidelity Life: another reprieve

FINANCIAL TIMES REPORTER

FIDELITY LIFE Assurance was given another reprieve in the High Court yesterday in spite of a plea by the Department of Trade for an immediate winding-up order against the company.

Mr. Justice Brightman granted Fidelity Life a 28-day adjournment in which to formulate a scheme acceptable to the Department and to the Policy Holders Protection Board.

He added that he reserved a final discretion whether there should be an additional adjournment, but at present felt it would be unlikely.

The judge said that in the meantime interim payments to certain policy holders could be made. Leave has already been given to the Official Receiver to enter into a deed of indemnity.

Any of the parties to the proceedings will be able to restore the petition on two days' notice.

Meanwhile, the company undertook to keep the department *and the Policy Holders* Board informed of the state of negotiations. There have been eight adjournments since the Department of Trade presented its petition last July. It alleges that the company is insolvent.

Plea for European aircraft

By Michael Donne, Aerospace Correspondent

IF THE EUROPEAN aerospace industry is to develop a new type of aircraft for the 1980s it is high time to start work. But any airliner it develops must be *fully competitive with the best* the U.S. industry can offer, or it is likely to fail commercially.

These points were stressed in London last night by Mr. Knut Hagrup, president of Scandinavian Airlines System, when he addressed the Chartered Institute of Transport on future collaboration among the European aircraft manufacturers and airlines.

He pointed out that the European airlines collectively spent in 1974 over $2bn. on U.S. airliners and equipment, and that between 1946 and 1974, they spent over $14.4bn. on U.S. aircraft.

The European airlines were a powerful force in the world airliner market, of importance to the U.S. industry and of potential importance to the European aerospace industry.

To be successful and gain a major share of the available European airlines' funds, however the European aerospace industry had to offer a superior product.

It also had to build in large quantities on a fast production line to allow its quick development into highly reliable and trouble-free machine.

The industry had to design it to suit world market requirements, not just those of Europe.

The EEC's recent proposal for a European aerospace industry, with with the final control of policy and finance vested with the EEC rather than with individual companies or governments, was basically a good one, although no doubt it would be medified before being implemented.

Winding-up petitic filed by Joviel

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDE

JOVIEL PROPERTIES, a South-Eastern counties housebuilder and commercial developer, filed a winding-up petition yesterday after a deficiency of £672,000 in *shareholders'* funds had been disclosed in preparing annual accounts. The shares were suspended at 14½p.

There is no immediate cash crisis. "It is not a question of the creditors pulling the rug from under us," said a company spokesman.

The problems stem from an extensive land bank against which mounting provisions had to be made as interest, totalling about £1½m. a year, was rolled up. The major creditors are FC Finance, associated with the company since before it went public in 1972, and Lombard North Central.

Both had taken part in creditors talks aimed at a capital reconstruction, converting part of the company's £9m. secured debt to equity. "We very much regret it, but we were unable to gain agreement of other creditors," said Lombard North Central.

Both Lombard and FC Finance, both with loans of about £3m., took steps yesterday to ensure continuity of work on the sites on which their security is held. These should be built and, in the improving house market, sold, within a year to 18 months.

Lombard was among banks which had used Joviel management to handle other problem sites of which it had taken possession in the last 18 months.

This sound reputation may have helped Joviel survive as long as it has. But the burden of debt has caught up with it in spite of its present profitable trading with "the rate of sales very good indeed," according to the company.

The Board of Joviel quarter of the company with Mr. Roy Wright, director and founder, shareholder. There are holdings over 10 per ce

In the year up to contingent liabilities of than £1.6m" were dis addition to the provisic produced the deficit of on shareholders' funds.

About £1m. of these concern a site at Eps 60,000 square feet office ment on which no Office ment Permit has been An institution has a requiring Joviel to buy site, though it has exercised this.

The other £600,000 guarantees given on b by associated compan have not yet been calle

Joviel's shares were 60p and reached a pea in 1973. In the last have traded between 4

Channel Is lead sunshi league

By Our Guernsey Corr

THE FIRST five of th niest spots in the Br last year were in the Islands, according t released by the U.K. yesterday.

Guernsey L'Ancre 2,097 hours of sun Helier, Jersey, 2,078; J port 1,995; Gorey Cast 1,974; Guernsey Airp Bournemouth 1,959; 1,955; Shanklin 1,94 1,927, and Poole 1,915.

FT PENSIONS CONFERENCE

Praise for private schemes

BY BRUCE ANDREWS

EVERY responsible politician should hope that employers with good pension schemes will contract out of the new State pension in 1978, Mr. Kenneth Clarke, Opposition spokesman on social services, said yesterday.

Speaking at the Financial Times Pensions Conference, Mr. Clarke said that funded occupational pension schemes remained an essential *investment source* for the economy and that good schemes would always be able to provide pensions superior to the most ambitious State scheme.

He said that he was amazed at the incredible risk that the Government had run in turning the pension world upside down in the present economic climate.

The Government had scrapped the Sir Keith Joseph Act and had imposed on employers a decision on whether to take on a new requirement at a time which could not be worse.

The inflation of final salaries on which pensions were based had outrun investment returns and employers were bound to look hard at any commitment to inflation-proof pension benefits.

If the Government had stuck to its original proposals to impose unlimited inflation-proofing commitments on private funds, Mr. Clarke said, it would have killed off a large proportion of the pension industry.

He hoped, however, that the structure of the 1975 Social Security Pensions Act, as subsequently agreed, would allow the large-scale contracting-out that was required.

Mr. Clarke promised that the Conservative Party would not repeal the Act, and that employers would not have to face the risk of further uncertainty from a new Government.

The *only changes a Conservative* Government might consider would be those which would encourage greater contracting-out.

The Conservative Party, concluded Mr. Clarke, recognised the dangers of placing unlimited inflation-proofing burdens on invested funds, and had never been completely happy about the present Government's measures to limit that commitment. Any obligation to revalue must be shared by the fund and the Government.

Resources

Mr. Maurice Oldfield, executive director of Allied Breweries Pension Trust, thought that the philosophy behind the Castle pensions scheme was to shift the balance of national resources which went to the retired population from the present level of 10 per cent. to 13 per cent.

If total national resources were growing, he argued, this would not be over-ambitious; it would represent the redeploy increase. But if the sufficient growth in n sources, the shift in fa retired might not be possible.

The problems of a pension scheme were by Mr. Alan Firth, general manager (pe the Legal and General Society.

Contributions integ Mr. Firth, would be a The employer would desperate task of set basis which would b as fair or intelligib employees and their u sentatives.

His advice to empl templating integratio keep the scheme as possible and non-contr

But he warned problems of integrat enormous.

Mr. L. J. Martin, p consulting actuary for and Sons, said that worrying aspect of th economic scene was t of negative yields.

Was it worth accum pension fund which v earn enough interest t with benefits? Mr. M the view that it was to make major revis actuarial assumptions point.

HOME NEWS

...Bright forecast for U.K. ...conomy as oil flows

...OUR ECONOMICS STAFF

...SEA oil could transform ...itlook of the British ...y into one of high produc... and sustained growth, ...ng to a firm of independ... ...nomic forecasters.

...is optimistic note yester... Economic Model Group ...panies said in London ... based its hopes on the North Sea would, in its ...t, remove the balance of payments constraints which had for so long hindered the U.K.'s growth.

Acknowledging that its views are "in sharp contrast to most other commentators," Economic Models said yesterday that with the balance of payments problem "ceasing to exist" during the next five years "the British economy will be given an opportunity to arrest its cumulative decline and begin the process of long-term recovery."

Economic Models forecasts an unprecedented average annual economic growth rate of 5 per cent. for the U.K. in the 1980's which, if achieved, would put the country well in line with the international average for advanced countries.

It concedes that there may be a few problems, however. "The average rate of consumer price rises is, indeed, forecast as remaining above 10 per cent. throughout the period. A constraint on inflation in the U.K. will be the rate of unemployment, forecast as being above 1m. for most of the period."

The forecasters add: "There is no doubt that the British people are to be given another chance. The question is whether they will use it."

The detailed forecast shows a balance of payments surplus of nearly £3bn. a year in the 1980s. But, with wage and price inflation remaining high, sterling will remain in a vulnerable position, Economic Models warns.

On this basis, it projects the sterling/dollar exchange rate falling to around $1.80 this year, and declining as low as $1.40 in 1981.

The group forecasts a compounded U.K. gross domestic product growth of 4.1 per cent. against a projected 2.6 per cent. German expansion in the same six years, while growth in U.K. domestic product is forecast to peak at 6.3 per cent. in 1980.

...il about to flow ...om Auk Field

...RAY DAFTER, ENERGY CORRESPONDENT

... ESSO'S Auk Field ... be in full production ...he next week to ten days, ... any further technical ...or the recurrence of bad

...ded the North Sea re... ...elatively calm, a tanker ... start loading from the ...ingle buoy mooring unit ...w. It is anticipated that ...ssel, Zaria, will load ... 30,000 tons of crude in ...ve days before shipping ... to Shell's Teesport

... goes well. Britain should ...iving oil from its third ... field by the middle of ...ek.

...Auk Field, the smallest ...commercial fields so far ...d, was due on stream ...November, but the ...s found that two of the ...chors securing the moor... ...it had not embedded ...ves properly.

...on securing the mooring ...s further frustrated by bad weather. Even now, weather conditions could delay the start-up for the operators have agreed not to attempt the initial loading operations with a wave height of 10 feet or more.

Auk, which follows BP's Forties and Hamilton Brothers' Argyll fields into operation, has just 50m. barrels of recoverable reserves. It is expected that reserves will be exhausted by the end of 1980.

To keep development costs to a minimum, the operators are shipping the crude ashore in two tankers—the Zaria and Zafra.

Reports in the oil industry suggest that the estimated recoverable reserves of the more important Thistle Field have been upgraded to over 500m. barrels. This is over 50m. barrels more than recent estimates.

The new figure is apparently contained in a report presented by independent consultants for bankers of one of the partners in the Thistle group—Santa Fe International—which has a 16.8 per cent. stake in the field.

More Home News, Page 31

Shell lifts price of chemicals by 8.4%

BY RAY DAFTER

SHELL CHEMICALS U.K. is putting up the price of 60 products by an average of 8.4 per cent.

The increase, which will range from 5 to 15 per cent., should boost Shell's annual U.K. chemicals turnover by about £12m. Last year, Shell Chemicals sold £250m.-worth of chemicals, some £160m. of which went to the domestic market.

The price adjustment, justified under the allowable cost heading, covers a range of products in five major sectors: agricultural chemicals, plastics, resins, solvents and industrial chemicals.

Shell has been increasing prices about every three months during the past year. The last rise, approved on October 29, increased U.K. turnover by about £5m. a year.

The group said that it hoped it would be able to pass on the full extent of the approved increase. Demand was improving in all sectors of the market.

German loss

Announcement of the increase coincided with the 1975 results of two other Shell subsidiaries: Deutsche Shell and Shell Française. The German group made a considerable loss on its oil business in 1975 when only 60 per cent. of the refinery capacity was in use. Although no figures were given Mr. Johannes Welbergen, the subsidiary's chairman, indicated that the oil loss was offset to some extent by the chemical and natural gas sectors.

In 1974 Shell also made a loss on its German oil business although Deutsche Shell returned a net profit of DM136.7m. due solely to extraordinary earnings.

Shell Française reported a net turnover of Frs.10.1bn. last year as against Frs.510.43bn. in 1974. Shell's French chemical interest, Shell Chimie, had a net turnover of Frs.1.2bn.—a drop of 19 per cent.

The French group said it completed four oil wells in France last year. It also had a small stake in the Mer d'Iroise consortium which recently found traces of oil in the first Lennket well, off the coast of Brittany.

Oil refined by Shell Française last year totalled 18.3m. tonnes against 21.7m. tonnes in 1974, while the amount of oil sold declined from 20.1m. tonnes to 17.8m. tonnes.

Council heating plan riles NUM

By Our Derby Correspondent

MINERS in the South Derbyshire coalfield are protesting against a plan to heat proposed new council offices at Swadlincote, Derbyshire, with either oil fuel or gas.

Mr. Ken Toon, area secretary of South Derbyshire NUM, has written to the district council to protest. He points out that thousands of people in the area are employed by the NCB.

Atlantic air traffic down 5%

By Our Aerospace Correspondent

PASSENGER TRAFFIC on the North Atlantic air route in the first 11 months of last year fell by 5 per cent., to just over 9.4m. according to the International Air Transport Association.

Of this figure, 8.2m. were scheduled passengers, a fall of 6.8 per cent. on the previous year, while the rest, more than 1.2m., were charter passengers carried by the IATA airlines, 9.3 per cent. more than in the previous year.

The rise in the charter figure reflects the increasing efforts made by the scheduled airlines to combat independent competition by running their own charter activities.

The total number of flights performed by the IATA airlines fell by 6.7 per cent. to 75,200, of which 56,803 were scheduled passenger operations, down 7.9 per cent.; 10,977 were scheduled cargo flights down 6.1 per cent., and the rest charter operations, up 1.8 per cent.

On scheduled passenger services, despite efforts to restrict capacity, the 20 airlines involved collectively offered more than 14.2m. seats, which was 5.3 per cent. fewer than in the previous year.

Even so, it was still far too many, with the result that the overall load factor slipped back a little to 57.6 per cent.

BCAL and British Airways clash over cheaper fare

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Airways has launched a bitter attack on the Government's decision to give British Caledonian Airways a cheaper fare for domestic air services between London and Glasgow—£21 single in the off-peak periods from Gatwick, against the £23 that BA must charge at all times from Heathrow.

Yesterday, BA put up posters in its Terminal One Shuttle departure point saying "To-day—your fare is £1 higher. This is not of our choosing."

Leaflets were also issued to passengers explaining the background to the Civil Aviation Authority's decision, now backed by the Government, to raise the BA Shuttle single fare to £23.

The leaflets said: "Last year, British Airways and BCAL faced a common challenge of increasing costs on the domestic routes. They responded differently.

"BCAL reduced services on Glasgow and Edinburgh. They pulled out of Belfast completely. BA introduced a Shuttle. BCAL business continued to fall—ours rose, because we were giving you the service you wanted.

"Faced with our success, BCAL asked the CAA to make us reduce our flights, which we resisted. They then asked the CAA to force us to charge £2 more on the Glasgow Shuttle. This was refused.

"Now BCAL have persuaded the CAA to force us to charge you more than we think is necessary, so that our competitor can charge less on off-peak flights to and from Gatwick.

BCAL yesterday responded to the BA attack by pointing out that BA "on their own admission are losing millions of pounds of taxpayers' money on domestic air services.

"They now appear to be questioning the Parliamentary policies on nationalised corporations which requires at least the recovery of losses."

Switch to new Paris airport

BRITISH AIRWAYS' European Division will run all its U.K.-Paris flights to the recently opened Charles de Gaulle Airport at Roissy and make no further use of Orly from April 1, writes Michael Donne.

Air France will also concentrate its U.K.-Paris services at Charles de Gaulle.

The two airlines say that this will enable them to exploit the full potentialities of the wide-bodied Airbus and Tri-Star jets which they now use.

...orthern Developments ...titions adjourned

...ONS FOR the compulsory ... up of two companies in ...orthern Developments ...ere adjourned by consent ...arch 8 in the High Court ...on yesterday.

...ustice Brightman was told ... bank receiver appointed Northern Developments ...gs) would be putting ...proposals to the group's ...s on March 2.

...petition against the hold... ...ompany by Mr. Thomas ...on, of Dicconson Terrace, ... is based on a statutory ... for £2,064.

... supported by the Depart... of Health and Social ... claiming £4,352 and ...han House Trust ...s claiming £1,117,475.

... opposed by the receiver ...ree creditors claiming

...udge similarly adjourned an application by seven other creditors seeking to be added to the list in opposition to the petition.

The second petition is against Northern's subsidiary, Daleholme (Holdings). Both companies have their registered office at Elizabethan House, Preston New Road, Blackburn.

The judge was told that the petitioners in the Daleholme case—Midland Bank Trust, creditors for £300,000 outstanding unsecured loan stock—wanted time to consider answering opposition evidence from three Daleholme creditors together owed £377,000 and including Northern Developments, with a claim for £70,664.

A move by other creditors to formally join those opposing the Daleholme petition was similarly adjourned.

...ilding output 'will fall ...rther 2% this year'

...MICHAEL CASSELL, BUILDING CORRESPONDENT

...THER 2 per cent. decline ...ruction output this year ...ecast by the National ... of Building Material ...rs yesterday.

...Council's predictions are ... in line with other recent ...s and are identical to ...roduced by the building ...l engineering industries ...c development commit...

...ber, they all provide a ...tic picture about the ...ead, which seems certain ...ong one of the worst ...ns the industry has ever ...ced.

...ding to the Council, the ... sector will remain at the ... of the present trough— ...ent. below the 1973 peak ...uring 1977. Although no ... fall is expected, no ...in the industry's fortunes ... before 1978.

... worst affected sector, according to the material producers, will continue to be private commercial building, which is forecast to fall heavily this year and to continue on the same downward trend in 1977, ending next year 35 per cent. below the 1973 level.

In the public sector, discounting housing work, output is forecast to remain static this year, with a slight increase following in 1977.

Council housing activity is not, however, expected to suustain its present buoyant level beyond the end of this year and a fall is anticipated in 1977.

In the private industrial building sector, which the Council points out is capable of fairly rapid reaction to changes in the economic climate, output is expected to decline at a greater rate this year, although there could be a shallow upturn in the following 12 months.

...p-fryer 'may ...unsafe'

...rne Barling

...CONSUMER PRODUCTS ...ay gave a warning that ... its products, a domestic ...ed deep-fryer, could be ...electrically unsafe and ...wners to return them to ...rs

...company stressed that it ... the latest model, sold in ...tish Isles during the past ...nths, which could be dan... ... It is model number ...nd coloured yellow.

...t 5,000 of the fryers have ...stributed to retailers, but ...nbers sold are unknown.

...mpany said a previous ...(number 7487) which is ...n colour, is safe in all ...s.

...chasers of the appliance ... therefore get in touch ...eir suppliers as soon as ..., to arrange for its re... ...ither so that it may be ...d safe, or for a full refund ... purchase price to be ...," the company said.

...achers' trip

...putation from the Educa... Institute of Scotland, ...d's biggest teachers' union, ...sit Westminster to-day for ...th Scottish MPs on educa... ...ts. They will also discuss ...d's educational problems ...e effect of devolution on ... education.

Continental Who Owns Whom 1976

THE NEW edition of Who Owns Whom (Continental) listing more than 100,000 parent, subsidiary and associate companies throughout Continental Europe—with sections on Austria, France, Belgium, Luxembourg, Italy, Switzerland, Germany, Denmark, Finland, Norway, Sweden, Holland, Spain and Portugal—has now been published.

Two lists are given in each country section. The first shows parent companies, with trade descriptions and full addresses, and their domestic and foreign subsidiaries and associates. The second list is an alphabetical index of subsidiary and associate companies, indicating parent companies.

In the new edition, the Danish, Finnish, Swedish and Norwegian sections have greatly expanded. Common, and often confusing, devices such as acronymic titles and bi-lingual registration are clearly explained.

A special third part has been added to the French section giving the full titles of about 4,000 companies frequently referred to in acronymic form.

Who Owns Whom (Continent), Roskill, £38.50.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Sees the weather a day ahead

A SYSTEM which can monitor the movement of local weather a day away and transmit the approaching picture cheaply over the phone line, has been developed by Muirhead of Canada and is to be marketed by its British parent throughout the world.

Claimed as a major meteorological breakthrough the equipment maps out the approaching weather as seen by outlying radar stations. Rain information is given in shades of grey.

The Canadian Government think this low cost "weather-eye," which works off the sweep of a radar, is good enough for meteorological bureaux in Ottawa, London, Quebec, Vancouver and St. John's to use. They have taken delivery of the initial production run under a contract worth $200,000 approximately.

MS 800 Radar Remote Monitoring System transmits its information over a normal telephone line from radar sites near small towns and outstations where a sophisticated computer link would be uneconomic. At $40,000 a unit, it embodies both television screen and facsimile and makes wide use of Canada's existing $2m. advanced weather radar network.

In the near future, this type of forecasting could appear on some television channels.

Precipitation is signalled to a remote facsimile machine which produces a printout in under 150 seconds and gives rain information in four scaled shades of grey.

Forecasters will be able to use this new, already accepted, tool to check their predictions and take into account up-to-the-minute weather conditions 100 miles or sometimes the equivalent of 20 hours away.

A similar weather system to that accepted by the Canadian Government has been demonstrated to the British Meteorological Office which is considering setting up a network of 12 radar sites to give good coverage of the British Isles. Muirhead's Weatherfax machines are already used exclusively by the Meteorological Office.

Muirhead is on 01-650 4888.

● CONSTRUCTION

European first in drilling

DRILLMASTER A120W hydraulic rotary drill—designed and manufactured by Hands-England Drilling, Letchworth, Herts—currently drilling for water in Libya, is believed to be the first drill designed and manufactured in Europe specifically for foam flush drilling.

This technique is a low velocity, low solids system of air flush drilling in which a foam mixture is injected into the air stream supplied via low volume/high pressure compressor. The resulting foam—which resembles aerosol shaving cream—has a very high cuttings lifting capacity while low velocity causes minimum damage to the hole wall.

The addition of low molecular weight polymers to the foam mixture also enable it to lift considerable quantities of ground water from horizons being drilled through.

Both the foam and the polymers are bio-degradable making them safe for use in water well drilling.

Hands-England is on 046-26 3777.

Meters polyester grout

BY SEPARATELY yet simultaneously pumping polyester resin and hardener the cost of resin grouting bolts and anchorages into concrete and rock can be reduced according to Chemical Building Products, which has developed an air-driven twin-line metering pump for this purpose.

The positive displacement pump has been designed to operate up to heads of 12 metres, delivering precise quantities of resin and hardener via a "double-barrelled" injection lance.

Bulk materials can be used enabling contractors to fix long deep anchorages at far lower cost than is currently possible, says the company. The integral metering device will make further savings possible by eliminating the chance of over-filling.

Unused materials can be left in the hoses after work has been completed. The pump will work efficiently with resin systems with a gel time as low as four minutes.

Weighing about 120 kg. the pump can be handled by two men and requires an air supply of 300 litres/min. at 0.7 N/sq. mm. Metered quantities of resin and hardener can be placed at a rate of three to four litres/min. in holes of 28 mm. diameter and above.

The maker is at Cleveland Road, Hemel Hempstead, Herts., HP2 7DL (0442 2101).

Planners to see effects of decisions

TO ASSIST in the formulation and evaluation of development strategies for new towns and similar forms of land use a computer model has been produced by the GLC architects department and the Abacus computer unit at the University of Strathclyde. The model was developed and is being run on the CSS International computer time-sharing network.

Although intended initially for use with the Thamesmead project, the system, known as LUMPS (Land Use Master Plan Substitute), has been designed for general application, and requires almost no knowledge of computing to operate. In addition to providing printed output, it makes use of visual display terminals to show the planner the effect of his decisions in graphic form.

The planning of a development such as Thamesmead involves decisions on a large number of factors, such as housing density, number of families to a dwelling, distribution of open space, educational and other facilities, the volume and flow of traffic, and the cost and programming of development alternatives. Nearly all these factors are interrelated, so that a change to one affects the whole pattern of the development.

Using a computer at the planning stage allows a range of possible permutations to be studied, and the results to be stored conveniently for subsequent retrieval.

Timber clad made to measure

ARCHITECTS and other specifiers may select from a range of decorative English and imported wood claddings and have them manufactured to their needs.

"Profile" series, offered by timber specialists, Henry Venables (Castletown Sawmills, Stafford) is a range of 20 profiled claddings in solid timber based on squares, angles, circles, and standard flat shapes. The range included profiles which offer acoustic qualities with high sound absorption coefficients over a broad frequency spectrum.

The decision to offer the facility follows research among architects and in the construction industry, acoustic research at the University of Salford and experience gained from the company's early claddings used in such locations as the Shakespeare Centre, Stratford; Wolfson College, Oxford; Victoria Law Courts, Birmingham; York Sports Centre and Charterhouse School Godalming.

The boards can be pre-finished to a Class 1 "Surface spread of flame" rating and are produced from selected logs, sawn and kilned to a pre-determined moisture content and machined to give a finish ready for fixing, with tongue and groove for secret nailing. A sculptured appearance is produced which brings a high aesthetic quality to applications which include wall and ceiling panelling, door panels, bar and counter fronts, panelling under canopies and covered ways.

It can be used in conjunction with matched veneered panels and flooring strips, the latter supplied in eight timbers.

Henry Venables is on Stafford 51162.

Consultancy expanding

WHITE, Young and Partners, consulting civil, structural and mechanical engineers, has opened two further offices overseas to deal with current and future developments in the respective areas.

The office in Dubai, United Arab Emirates, is known as White, Young and Partners Dubai, and has received a decree from the Ruler, officially naming the practice as a local Dubai firm. Mr. David Dingwall is the Resident Partner in charge and is also responsible for the firm's Sharjah office.

The other new office, in Tunis, is known as White, Young and Partners North Africa.

● OFFICE EQUIPMENT

Punches and binds

BUSINESS AIDS is marketing the Duo Electric which it claims is the first machine to combine document punching and binding in one unit using the plastic comb system.

There are seven settings, for binding documents up to 13 inches long and two inches thick. A control is first set for punching, when the machine will take 20 sheets at a time plus board covers. When all the sets have been punched, the control is set for binding, when pressure on a pedal opens the comb so that the punched papers may be placed over the spine.

The company is at 3 Whitby Avenue, London NW10 7SQ (01-965 9821).

● POWER

Energy from low head waters

TECHNICAL difficulties with seals have until now prevented the use of straight flow water turbines with a diameter greater than two metres.

This type of turbine was first proposed in 1919 to be used to produce electricity from rivers and tidal waters. Until the 1940s little was done with the design, when some were built by the Germans and installed to produce power from rivers. Since the end of the war some 70 of a small diameter version of this turbine have been installed on the Continent, operating with few problems except for seal replacement every five or six years.

Now Escher Wyss, of Zurich (member of the Sulzer Group), claims it has solved the rim seal problem and has developed adjustable runner blades (variable pitch) to maintain efficiency under variable head conditions.

Called the Straflo turbine, the company says it will operate at low heads of up to 40 metres, and can be developed to diameters of some 10 metres. It is considered that this should make possible the economic utilisation of river and tidal power.

In contrast to conventional bulb turbines (enclosed generator immersed with the turbine on the same shaft), the Straflo is more compact, which should result in savings in civil engineering. The generator is arranged as a rim around the turbine runner—which is where the vital rim seals isolate the generator from the water. The turbine can be reversed and used as a pump to regenerate the head in off-peak periods.

Manufacture of the turbine will be under licence from the Straflo Group. This has been formed by Escher Wyss in conjunction with an international consortium arranged by Mr. Edmund L. de Rothschild. The Group's U.K. office is at New Court, St. Swithin's Lane, London EC4P 4DU.

Initial reaction to the development is cautious—since no straight flow turbines have been built with diameters larger than about 2 metres, the problems involved in constructing 10 metre diameter versions will need considerable investigation. In particular, the relationship of this type and size of turbine, which would probably produce 8 or 9 MW, to the electrical requirements of a specific application, and the design and construction of the generator involved, may pose problems.

The Straflo Group envisage applications in tidal barrages, *for example* in the Bay of Fundy, where there is a tidal rise of about 11 metres, and the economic possibilities for a 2176 MW scheme are under consideration. Among the problems in this type of scheme would be lunar variations in the tidal power available.

On this basis the likely first application would be on a river-based scheme using one or two of these turbines and providing an opportunity of assessing the problems and costs.

● TRANSPORT

Soft nose for speed and safety

ALTHOUGH intended more for the rally enthusiast than the City executive, the Ford Escort RS 2000 incorporates a feature which should appeal to every car owner—it is the first European car to have a "soft nose."

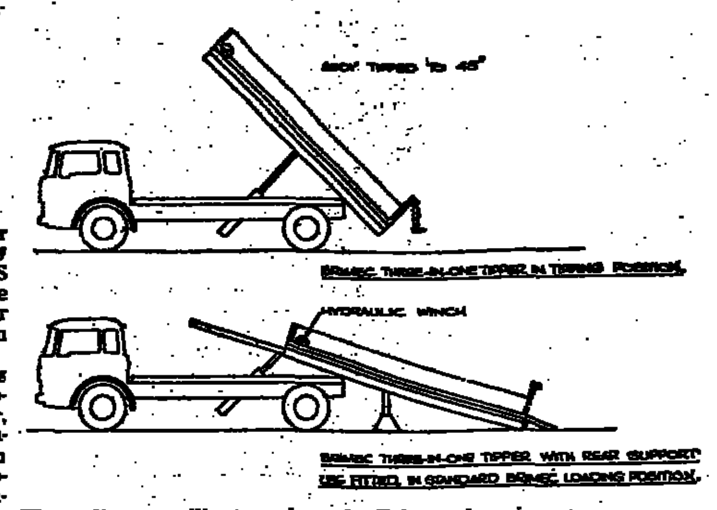
Its streamlined front end is made from a new flexible micro-cellular polyurethane elastomer, known as Bayflex 101. The concept is a progression from energy absorbing bumpers capable of taking low-speed collisions without damage. It can be styled, can include standard equipment (lights, number plate, etc.) and can be painted to match or contrast with the rest of the body. Drag has been reduced by 16 per cent. compared with a standard Escort.

The soft front end of the RS Escort is produced for Ford by Phoenix Gummiwerke AG, using a process developed by Bayer that has two liquid components—a polyol blend and a modified isocyanate. These are metered, mixed and injected at high speed into a mould producing a polymer which is compacted on the mould wall to form a solid polyurethane skin up to 2 mm thick, which is stated to be tough and abrasion resistant.

The one piece front end moulding will deflect on impact and then return to its original shape. The company says the nose can be deformed any number of times. It is lightweight and retains its characteristics in temperatures from −20 to +80 degrees C.

In the U.S., where Bayflex has been used in 1975 models from Oldsmobile, Chevrolet and Buick, production economies have been achieved. This is because the reaction injection moulding technique is a short-cycle, self-heating chemical process using less energy and simpler equipment than is needed for the conventional engineering materials.

Bayer's U.K. office is at Bayer House, Paradise Road, Richmond, Surrey (01-940 8157).



These diagrams illustrate how the Brimec three-in-one tipper works. *Designed to fit a wide range of lorries, it* combines three separate functions—as a lorry platform; as a loader for moving plant and heavy gear; and as a tipper. The equipment is built by Bristol Metal Contracts, Chapel Lane, Bristol BS5 7TL (0272 651204), which claims that users could save up to £9,000 in capital equipment, as well as cutting motor tax, insurance, fuel and wage bills, by reducing the number of specialised vehicle bodies required. It has been estimated that tippers may stand idle for 50 per cent. of their working life. This equipment is fitted on a standard vehicle chassis: it can be tilted by hydraulic rams to 45 degrees when used as a tipper; with a support leg fitted the rams lift the body slightly and the platform slides down to form a low loading ramp. A hydraulic winch is fitted to haul plant up the ramp. Finally it can be used as a *standard lorry platform.*

● ELECTRONICS

Lights up in three colours

ONE, two and three colour ... based on light emitting ... have been put on the ma... Oxley Developments Co... Priory Park, Ulverston, C... LA12 9QC (0229 52621).

Single lamps are avail... green, amber or red and ... and three colour lamp... tively change colour a... to which lamp is energise...

Styles are supplied ... shrouded or domed lens, ... sealed units, the lamps ... porate the company's ... lock" principle with a ... bush for rapid assembly ... or 7.14 mm holes in p... chassis without risk of d...

The range includes sea... sions for applications ... protection against gases, ... and liquids is needed. ... ing voltages are 1.7 (r... (green) and 2.5 (amber) ... currents taken are 20, 40 ... mA respectively.

Converts frequency to current

OF interest to instrum... and control engineers is ... electronic module fro... Dickens which will accep... quency dependent signa... devices such as flowme... produce a proportion... current.

Input frequency range ... from 0 to 5 Hz span up ... 10 kHz span, at voltag... 50mV to 14 V. Output ... to 10 mA or 4 to 20 mA ... arity is better than 0.2 ... between 5 and 100 per ... span.

If needed the unit ca... lowed by a trip amplifier ... alarm, control or s... facilities at a pre-set fr... More about the device, ... block, from the company ... borough, Kettering, N... (0536 760156).

● DATA PROCESSING

More data on DRI'S discs

INCREASED data storage and faster data throughput are features of a new series of moving-head disc drives announced by Data Recording Instrument Company, British-owned manufacturer of computer peripherals.

Initially there are three models in the new Series 3200 range which uses recording media of the front-loading cartridge disc type, exchangeable or fixed and provides on-line capacity as high as 12 Megabytes per drive.

This is four times the storage capability, with twice the transfer rate, of the most powerful Series 30, which is generally acknowledged to have gained the largest volume sales among cartridge disc drives supplied to the OEM market.

The introduction of the Series 3200 is the result of a development programme by Data Recording Instrument Company (DRI) to enhance the Series 30 and thus provide greater flexibility for small-systems users. It means that this U.K. peripherals manufacturer can now offer a product family covering logical steps in data storage between 1.5 and 12 Megabytes on a single disc, in a compact unit for desk top use or 19-inch rack mounting.

DRI is at Hawthorne Road, Staines, Middlesex TW18 3BJ. Staines 51388.

Molecular work in Belgium

BUSINESS Computers (Systems) has signed a software contract with the De Keyser Thornton Group of Companies, Antwerp, Belgium.

It is to supply bespoke software for the general accounts, shipping and forwarding functions of DKT who are one of the larger shipping agents in Europe. This software, which will be written by a BCL software team at the Brighton headquarters, will be *run on DKT's installation* in Antwerp which has two tape/disc BCL Molecular 18M(E)'s.

The value of the contract is in excess of £50,000 and represents a major software breakthrough for BCL in Belgium where there are some 14 other Molecular users.

● SAFETY

Reveals an unsafe wind

USERS of tower cranes might be interested in a heavy duty wind speed indicator offered by Ultra Marine Instruments, a company mainly known for similar instruments in the yachting world.

Extra strength has been built into the design to cope with extreme weather conditions and the unit can measure wind speeds up to 50 mph. Consisting of a measuring head and a remote indicator, the system can be fitted with a second indicator *to give simultaneous readings in* the cab and on the ground. A 240V ac to 12V dc power unit is available as an optional extra.

The basic unit will sell for £75. Further details can be obtained from the company at Common Road, Birkby, Huddersfield HD1 5EU (0484 42122).

Water spray protects

AT THE Lensbury Terminal in Fulham, BP Oil has commissioned five petrol storage tanks—and installed a spray system to safeguard the contents against fire.

Designed by the *Engineering* Department of BP Oil in co-operation with the Spraying Systems Division of CT (London), 3, Hobart Place, London, S.W.1. (01-235 1304), the system enables the whole external surface of the tanks to be enveloped in a continuous moving film of water.

The tanks are 72 feet high, three are 40 feet (holding ½m. gallons each) and two are 48 feet in diameter (holding ¾m. gallons each). They are of welded mild steel sheet, coated with aluminium paint to reflect solar radiation.

The spray system uses mains water carried through four-inch bore pipe to the tank top where nozzles are mounted. Called FloodJets, these are made by Spraying Systems Company, Wheaton, Illinois, U.S., ... CT (London) acts as U.... FloodJets produce a fla... defined spray pattern ... available in a range ... capacities.

On the petrol tanks th... are set, at about 1-foot ... in a ring mounted just ... the shallow cone tank t... from alternate nozzles is ... inwards, up the inclined ... face, the rest point strai... on the roof. A square of ... the apex carries fou... nozzles to ensure comple... age.

As water streams off ... it meets a splash plat... deflects it down the ta... wetting and cooling th... surface. There are 94 jets ... of the bigger tanks, and ... smaller ones.

Protects man and machine

A SAFETY guard has b... veloped that can prote... screws, shafts, spindles, a... that have hitherto been p... damage and wear, and ... same time protect the m... operators from these mo... rotating shafts.

Known as Tensaguard ... made from stainless steel ... *strip in the form of a h...* wound telescopic tube ... closely overlapping join... its relaxed state the tube ... tended; slight pressure at ... closes it to a minimum ... equal to the width of the ... strip material.

In use it expands or ... pressed to fill the variat... between a travelling and ... part of a machine, protect... *leadscrew or shaft from* ... of airborne dust, dirt and ... At the same time it guards ... tors' hands or clothing fro... moving or rotating part ... machine.

Fitting is simple and ... There is no need to dis... equipment—the guard wi... It is made by Tensator, Ti... Street, Newport Pagnell, ... MK16 9BE (0908 610705).

● PROCESSES

Puts foil on plastic strip

● ROLLER type hot foil marking machine with applications in a number of industries has been put on the market by The Standard Engineering Company, Evington Valley Road, Leicester (0533 59842).

The top roller of a pair is electrically heated internally to a controlled temperature and the bottom roller is knurled to ensure a regular and even feed of the moulding. Foil is passed between the top roller and the moulding; take-up is on a third roller controlled by a belt-driven slipping clutch arranged to operate at the speed of the other two.

The first machine is operating at furniture manufacturers T and F Hammond of Nuneaton where two strips of pre-moulded decorative plastic beading are fed in at the same time and gilding is being achieved at 60,000 feet/month, operating the *machine* at only two or three days a week.

Makes use of plastic waste

LAPORTE Industries is to invest initially about £¼m. in a project to make moulded products from thermoplastics waste, for civil engineering, cable drums, fence posts, field drains, and other items of substantial cross-section.

Through a collaboration agreement with Mitsubishi Petrochemical Company, Laporte will install, by October this year, the first "Reverzer" machine in the U.K. The machine is claimed to be of proven versatility in reducing a wide range of thermoplastic wastes to homogeneous mouldable form. The installation, with the associated moulding equipment, will be at Laporte's Widnes site. The process is stated to give strong, durable and resilient shapes which can be tool-worked. The material resembles close-grained timber.

Laporte Industries, 14 Hanover Square, London W1R 0BE, (01-629 6603).

High speed valve body production

CAST IRON valve bodies used in industrial hydraulic systems are produced at a rate of 75/hr. on a 13-station pallet type transfer machine produced by Cross International, Knowsley, Prescot, Merseyside L34 9EZ (051-546 2010).

The valve bodies are jigged in two different positions on the pallet. The first position exposes the base, top and one side surface; the second position again exposes the top surface as well as the two end surfaces. Machining operations include milling, drilling, reaming, tapping, internal shouldering, boring and gun-reaming.

The machine has Cross Feed-Pak electric drive ball screw feed units throughout, and what is said to be a unique pallet locating and clamping system requires only two cylinders to actuate all of the locating and clamping mechanism in the entire system. Other features include a self-contained chip disposal system, and overhead balcony-mounted control panels.

● INSTRUMENTS

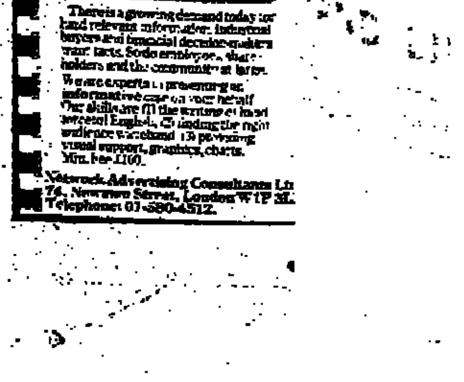
Recorders for systems

FOUR more models have been *added by Bryans Southern Instruments* to its 28000 series of chart recorders.

Introduced to allow the high specification 28000 units to be used in single application and for OEM purposes, the recorders have their sensitivity pre-set at the factory to the value chosen by the customer.

There are single and two-pen versions, either with the chart speed pre-set or with the normal ten-speed chart selector providing 0.5mm/min to 10mm/sec. Options include event markers, remote pen lift, chart take-up spool and retransmitting potentiometers giving an output proportional to pen position.

Also introduced is an integrator model useful, for example, in gas chromatography whe... area under the curve has ... found. A development o... two-pen machine, it use... first pen to write over the n... sensitivity range while ... second traces the integral ... at the right hand side o... chart. More from 1 Willow ... Mitcham, Surrey CR4 4U... 648 5134).



هكذا في الأصل

LABOUR NEWS

hreat of action if Six eturn to Ferrybridge

UR LABOUR STAFF

...EWARDS at the Ferry- "C" power station in Yorkshire, last night ...ed industrial action if ...lled "Ferrybridge Six" ...nployed.

...night a letter from the was in the post to the Electricity Generating ...eeking reinstatement to ...bs following last week's Leeds industrial tribunal ruling that they had been unfairly dismissed for not joining one of the four recognised TUC unions which have a closed shop agreement with the CEGB.

Twenty-eight shop stewards at the power station met yesterday. Afterwards Mr. David Smith, branch secretary of the General and Municipal Workers Union and chairman of the Ferrybridge works committee, said: "We want to place on record our opposition to any of the six, or other non-unionists, being employed at Ferrybridge "C" power station.

"If the CEGB were to reinstate them, we would recommend our membership to take industrial action. But, at this stage, I cannot say what form that action would take."

Unrecognised

The CEGB said last night that, until they received an application from the six men, any question of what they proposed to do did not arise. The six are members of the tiny, unrecognised Electricity Supply Union.

They include Mr. William Sarvent, the ESU general secretary, who commented last night that if he was reinstated and there was a threat of a strike, he would hand in his notice. "The job is not worth the inconvenience and discomfort industrial action would cause to *the general public," he said.*

He claimed to have received messages of support from Midlands power station workers, who had offered to take industrial action if the six men were not reinstated.

"I have told our supporters that the last thing they ought to do is to strike. That would only inconvenience the general public and lose us support," added *Mr. Sarvent.*

ivil servants seek bs assurance

UR LABOUR CORRESPONDENT

...S OF 500,000 civil ...met Lord Shepherd, ...al, yesterday to express ...riety over the announce- ...the Government that it ...o save more than £100m. ...service spending by

Apart from details of the Government's plans, the unions are seeking assurances that their will be no dismissals and that economies will not be made solely among white-collar employees.

...ase to meet Lord ...d again after the publi- ...ext week of the Govern- White Paper on public ...ure, which should give ...etails of the Govern- ...lans.

...has been widespread ...ion as to the Govern- ...intentions, with some ...vice union leaders claim- ...as many as 20,000 ex- ...obs and up to 44,000 ...jobs might be cut.

...learest indication so far ...is planned came last ...om Mr. Charles Morris, ...of State at the Civil ...Department. He told ...mons that the Govern- ...nted to reduce the total ...servants, manual and ...the 730,000 level of last ...*he present total is esti-* ...it 750,000.

...orris said that, although ...would be achieved by ...wastage wherever possi- ...was unable to give ...es that therewould be ...pulsory redundancies.

Decca Leicester factory not to close

THE DECCA audio factory at Leicester which was due to close *down, has been given a reprieve* but this good news is tempered by the prospect that only 100 of the existing 300 jobs will be saved.

Mr. Bob Watkins, Decca director responsible for audio and television activities, said concessions had been made whereby it was possible to retain some audio manufacturing in Leicester. These will now be kept "*ticking over*" until the anticipated upturn in orders.

However, some audio equipment manufacture would be transferred to producing TV sets as they were in an even more difficult position, both being on a four-day week.

ocks meeting condemns ondon closure plan

UR LABOUR CORRESPONDENT

...TING of 600 dockers ...ondon's West India and ...Docks yesterday ...d "total opposition" to ...t of London Authority's ...close the two docks and ...cargo handling down ...o the Royal group of

...meeting was something of ...ty in that it was called ...by the Transport and ...Workers Union and the ...National Amalgamated ...res and Dockers.

...most of the 3,500 workers ...e two docks apparently ...*feel it* worth attending.

...by of MPs is planned ...ernoon and national and ...dock union officials are ...talks with Mr. John ...the PLA manpower ...next week.

Dockland MPs and local councillors have already had talks with Mr. Michael Foot, Employment Secretary, and stressed the possible effect of the PLA's plans on the East End's already high unemployment. Mr. Foot undertook to consider their pleas before further talks later this month.

The local councillors claim that the 13 per cent. unempolment in Tower Hamlets could rise to 18 per cent. if the docks are closed, because several thousands of jobs in the area depend on the dockers' spending power.

West India and Millwall shop stewards have drawn up a plan which calls for resistance to further rationalisation in the port; a TUC campaign against rationalisation and Government finance for other employers in the port.

mpaign to aid low-paid

UR LABOUR STAFF

...C has been asked by ...Pay Unit action group ...ise a campaign of sup- ...r low-paid workers in ... The unit wants a ...recruitment campaign ...ow-paid workers who, it ...e difficult to recruit be- ...nost work for small ...es.

...cost of the campaign, ...e Unit admits would be ...ely expensive," should ...ed by TUC affiliated unions and supported by the Government.

The Low Pay Unit is also concerned that the trade unions' drive to abolish wages councils is harmful to low-paid workers. It wants a committee of inquiry only to decide if a wages council should be abolished and there should be "adequate" voluntary collective bargaining *machinery* to replace it.

Unions are being asked by the Unit to "give a year for the low paid" and support the campaign for increased recruitment.

Burton workers in closed shop deal

BY DAVID CHURCHILL, LABOUR STAFF

OVER 6,000 workers from the Leeds-based Burton Tailoring group have won a closed shop agreement which shop stewards from the National Union of Tailors and Garment Workers are expected to ratify later this week.

Part of a comprehensive agreement on pay and procedures worked out over 10 months, it proposes that membership be a condition of employment. The union already has about 95 per cent. membership at the company.

Employees who conscientiously object can appeal to a joint union-management committee and, if successful, will pay the equivalent of dues to charity.

The company undertakes to deduct dues directly from employees' wages and salaries.

The complete agreement was made necessary by the group's decision a year ago to leave the Clothing Manufacturers Federation which it felt did not provide an overall system for determing working conditions.

The agreement which, Burton's claim, is the largest of its kind in the men's clothing industry, introduces a job grading system which will establish equal pay for women, who form the bulk of the work-force.

Since Burton's left the Federation, the union has also negotiated higher rates than those achieved by other workers in the industry. Last September, Burton workers were offered the full £6 pay increase, while Federated companies offered £3.60 initially and few settled for the full £6.

Other areas covered by the new agreement include 12 months maternity leave without loss of service benefits and a new sick pay scheme.

The company is to introduce a joint *consultation* structure to negotiate areas not covered and to "seek the opinion of employees on specific matters which affect their interest."

MP in bid to halt headlamp plant closure

Sir Geoffrey de Freitas, Labour MP for Kettering, is to meet management officials to-day in a bid to prevent closure of the British Sealed Beams car headlamps factory at Corby, Northants.

More than 500 workers, who *will lose their jobs if the* closure goes ahead in April, are threatening a sit-in at the plant and the formation of a workers' co-operative. They claim the company is still productive and profitable.

Sir Geoffrey is to meet directors from the three parent companies, Lucas, Thorn Electrical and GEC, in London to-day to dicuss the future of British Sealed Beams.

Demand for retraining at Chrysler

By Our Midlands Correspondent

TEAMS from Employment Service Agency have set up Job-centres in Chrysler engines and Avenger assembly plants in Coventry.

More than 4,000 employees are losing their jobs immediately, and one in ten have enquired about chances for qualifying for grants of up to £2,000 under the Employment Transfer Scheme designed to help redundant workers obtain jobs in other parts of the country.

Altogether more than 2,000 enquiries from Chrysler ex-employees have already been dealt with. For the first time in a major motor industry down-turn workers are actively seeking to sever connections with the industry.

In the past they have found temporary jobs elsewhere before getting back into the high paying motor industry as soon as possible. Now they seem to be leaving it for good.

Training Services Agency experts helping to advise Chrysler workers facing redundancy have been overwhelmed by applications to take courses under the Training Opportunities Scheme. This enables suitable candidates to take full-time courses at colleges or skill-centres to fit them for jobs in other industries, with a chance of upgrading their abilities.

Unions seek 50% representation in pension plans

BY DAVID CHURCHILL, LABOUR STAFF

The TUC wants trade unions to be given the statutory right to 50 per cent. representation in pension schemes to which their *members belong.*

This was confirmed yesterday by Mr. Len Murray, TUC general secretary, at the same time as he strongly criticised the fact that British workers received lower pensions than most EEC workers.

Mr. Murray, speaking at the London Insurance Institute, made it clear that the TUC was *not prepared to compromise on* its demands for an equal say by unions in running pension schemes.

"We not only want effective control of the running of these schemes," he said. "We want effective negotiations on their structure and on their finance."

But before unions could effectively negotiate on pensions, which Mr. Murray saw as being *just as important an issue for* unions as higher wages, it would be necessary to have full disclosure of information.

He suggested that unions should see valuation reports and be aware of employers' contributions and the investment policy.

Unions should also jointly determine the level of employee contributions and help frame the *rules for the scheme.*

Mr. Murray repeated the TUC's immediate aim of achieving a substantial increase in the flat rate pension to a level at which a married couple received half of the average male earnings and single people a third.

"This would ensure a clear and unambiguous definition of a decent minimum level of pension to which all pensioners are entitled," he said.

The TUC's aim was reinforced, said Mr. Murray, by the findings of a recent survey which dis*closed that other EEC countries* maintained higher State pensions for retired workers.

To help trade unions achieve better occupational pensions schemes the TUC is publishing later this month a negotiators' handbook which will outline criteria for successful schemes.

Apart from improved pensions for employees, Mr. Murray welcomed recent suggestions that money invested in pension schemes—which totalled over £20bn.—should be a major source of finance for capital investment in industry.

● Developing occupational pension schemes with the aid of trade unions could help achieve good industrial relations, said Sir Donald Sargent, chairman of the Society of Pension Consultants, *at a conference yesterday.*

Tougher controls over secondary banks needed, says Shore

BY JOHN HUNT

THERE IS a need for much stronger regulatory powers in the secondary banking sector and the company sector generally in the wake of the Department of Trade inspectors' report into the collapse of London and County Securities, Mr. Peter Shore, Trade Secretary, told the Commons yesterday.

He also promised that he will be examining carefully the role of auditors as a result of criticisms made of the auditor in the London and County affair. According to Mr. Shore, this aspect of the matter is already being investigated by a sub-committee set up by one of the professional accountancy bodies.

Mr. Shore was replying to Mr. Dennis Skinner (Lab., Bolsover), a leading left winger, who asked for a statement on the Department's investigation into the company. Mr. Skinner declared that the report had been largely overshadowed by "another Press romp" on the day it was published.

He asked Mr. Shore to comment on the statement of the report that leading politicians should not become involved in such practices.

If politicians should not become involved in the setting up of secondary banks, neither should anyone else, Mr. Skinner argued. On these grounds, he suggested that the Government should "outlaw" secondary banking.

The Secretary of State replied that the report iself had described he affair as a described the affair as a On the question of part-time directors, he was certain that what the inspectors had to say did have a much wider relevance.

"The whole report and other reports recently from the Department of Trade indicate clearly the need for much stronger regulatory powers not only in the company sector generally but specifically in secondary banks," he added.

MR. PETER SHORE
To look at role of auditors.

Mr. Peter Hordern (C., Horsham and Crawley) said that one of the worst features of the report was that the auditors had passed the accounts of London and County. He urged the Secretary of State to have *consultations with the accountancy profession* to see that proper accounting standards common to everyone in the profession were soon adopted.

Mr. Shore reminded him that there were several references in the report to the role of the auditors but only in some of these had the inspector had critical remarks to make. It was the practice of the professional bodies in accountancy to set up a sub-committee to make an investigation when auditors were criticised by the Department of Trade. He understood that this was being done in this case.

"Beyond that, I certainly will be looking much more carefully myself at the whole role of auditors in these very important matters," he added.

From the Liberal benches, Mr. Richard Wainwright (Colne Valley) claimed that not only had the auditors been completely deceived by Mr. Gerald Caplan, chairman of London and County, but they had remained the auditors to the company right up to the time of its crash.

Mr. Shore promised that he had taken careful note of this point but said that one should distinguish between the different stages in which the auditors were involved. In some activities the auditors were criticised to some extent by the inspectors, but in other cases they were not.

He also recalled that the report had said that the auditors in this case were dealing with an extraordinary degree of deception and deviousness.

Talks on Concorde routes in progress

THE GOVERNMENT is holding discussions with India on overflying rights for Concorde, Mr. Peter Shore, Trade Secretary, told MPs yesterday.

Answering Mr. Michael McNair-Wilson (C., Newbury), the Minister said he would make a statement when possible.

He told Mr. John Stonehouse (Lab., Walsall N.) that Britain and France were in discussions with the Soviet Union about a supersonic corridor and a refuelling stop in Siberia.

He was not aware of any application from the Soviet airline, with regard to the TU144, to fly to Heathrow.

Mr. Robert Adley (C., Christchurch and Lymington) asked Mr. Shore to tell any overseas Governments who might seek to use Concorde as an excuse to involve themselves in unrelated issues, that such tactics were *counter-productive, particularly* if they sought to stifle criticism of current events in those countries.

Other MPs laughed when Mr. Shore replied: "You clearly have some serious matter on your mind which you have not felt it proper to reveal to the House, but I take note of what you have said."

He told Mr. Robert McCrindle (C., Brentwood and Ongar) who wanted to know what was being done about flying Concorde to Johannesburg: "We have to take these questions of routes one at a time." The Government was pressing ahead with priority *routes.*

Cash aid for parties

TAXPAYERS gave £196,215 to Opposition parties from March to December last year to assist them in carrying out their Parliamentary business, Mr. Edward Short, Leader of the Commons, said yesterday.

In a Commons written reply, Mr. Short told Mr. Enoch Powell (UUUC, Down S.) that the Conservatives received £150,000, the Liberals £33,234, the Scottish Nationalists £9,898, Plaid Cymru £2,331 and the Social Democratic and Labour Party £952.

Mr. Short said that each party, following a Commons decision last March, had been given the money and submitted returns showing they had spent it exclusively on parliamentary business.

Moves on Angola recruits to-day

BY PHILIP RAWSTORNE

GOVERNMENT MOVES to end the recruitment of British mercenaries for the war in Angola are expected to be announced to-day.

Mr. Harold Wilson, who told MPs yesterday that a "considerable number of the mercenaries had been killed in battle and that repors of the execution of others appeared to be true, said that he would make a statement in the Commons on the wider issues involved.

The Prime Minister had been urged by Mr. Gwilym Roberts (Lab., Cannock) to "use some additional powers" to deal with the recruitment.

Britain's ambassador in Zaire had been unable to confirm or deny reports of the execution of 14 British mercenaries, said Mr. Wilson.

From all the facts available it appears *probable* that tragic incidents including the loss of life of a number of recruited mercenaries have taken place. It is equally the case, on information available, that a considerable number were also killed in warlike operations."

Mr. Wilson said he doubted whether reports of the executions had been exaggerated. "As to the substantial numbers killed in warlike operations, there is no doubt at all that these are very considerable indeed."

Government sources last night would give no estimate of the numbers killed in battle but some MPs believe that the figure was about 30.

Foreign Office experts have been examining the provisions of the 1870 Foreign Enlistment Act which prohibits British subjects from fighting aganist States which are at peace with Britain to see whether they could be used to end the recruitment of mercenaries.

Bid to counter low Eastern bloc shipping rates

BY JOHN HUNT

THE Department of Trade is having urgent consultations with foreign governments and with shipping interests at home and abroad about subsidised freight slashing by shipping lines from Eastern Europe and the Soviet Union.

The intention is to draw up a common policy on which an approach can be made to the Eastern bloc countries concerned.

MPs were told this in the Commons yesterday by Mr. Stanley Clinton Davis, Under-Secretary for Trade, during an hour of questioning when Ministers came under strong criticism from both sides of the House over the question of the dumping of foreign goods in the U.K.

The Opposition front bench launched a strong attack on the *Government claiming* that Britain was financing trade with the Soviet Union by means of low interest loans thus enabling Russia and the Eastern bloc countries to dump under-priced goods in Britain.

Dumping

On the question of undercutting shipping rates, Mr. Davis said the Government had received representations which were being studied urgently. It was consulting with interested parties both at home and abroad.

He also pointed out that dumping, as defined by British legislation, applied only to goods and not to services.

Mrs. Jill Knight (C., Edgbaston) *told* him that British shipowners were not the only ones affected by this practice. Also hit were the shipowners of Belgium, Finland, France, the Netherlands and Norway. There was very grave concern on this matter on a worldwide basis.

Mr. Davis told her: "There is widespread anxiety so far as shipowners and governments are concerned. *It is right* we should carry out a careful assessment of the position and look as far as we can to a co-ordinated approach to resolve the problem."

Mr. Richard Mitchell (Lab., Itchen) said there was evidence that in certain cases, British shipping rates were being undercut by 25 per cent. and as a result the jobs of a lot of seamen were threatened.

The Minister assured him that the Government was very concerned indeed. But a careful approach was needed and there should be a combined approach on the matter rather than a *bi*lateral exchange between Eastern bloc countries and Britain.

According to Mr. Ben Ford (Lab., Bradford N) it was not just a question of shipping but of a whole range of goods—particularly textiles. He saw it as a "conspiracy" by the Eastern bloc to distort the Western economies and he urged the Government to take the matter very seriously indeed.

From Mr. Tim Renton (C., Mid-Sussex) came a reminder that under Part 3 of the Merchant Shipping Act, the Department of Trade already had powers to *prevent foreign* vessels using British ports if necessary.

But Mr. Davis replied that these powers were very draconian indeed and the intention of the Act was that they should be used only as a last resort.

Mr. Martin Flanne[illegible] Hillsborough) complai[illegible] the dumping of Japa[illegible] and the Minister ass[illegible] that the Government[illegible] that dumping as a gen[illegible] tice was to be deplored

Mr. Peter Shore, Tr[illegible] tary, also came under Mr. Ioan Evans (Lab.[illegible] asking what further proposed to promote e[illegible] restrict imports. Mr. Winterton (C. Ma[illegible] called for quantitati[illegible] controls to help the in[illegible]

Cheaper

From the Opposit[illegible] bench, Mr. Terence "shadow" Trade Secr[illegible] tested that it was sh[illegible] of the Government exports from this c[illegible] Russia and Communis[illegible] on terms far better [illegible] given to industry in [illegible]

The result was that t[illegible] bloc was able to sen[illegible] into the U.K. cheape[illegible] own industry could n[illegible] He cited the case of of textile machinery and the subsequent d[illegible] textiles in Britain.

But Mr. Shore exp[illegible] prise at the line tak[illegible] Higgins. He argued th[illegible] not look at the probl[illegible] as a matter of im[illegible] Eastern Europe and Union. We had to c[illegible] question of our own these countries.

"I think we have t[illegible] thing in balance," h[illegible] "Our credit terms c[illegible] to be competitive [illegible] countries during bus[illegible] Eastern Europe."

Stonehouse ridicules allegati[illegible] he spied for Czechs

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. JOHN STONEHOUSE, Labour MP for Walsall, N, last night denied hat he had ever been a Czech spy or an agent of the U.S. Central Intelligence Agency.

Ridiculing these allegations in the Commons, Mr. Stonehouse agreed that when he had been a Minister he had unknowingly associated with Communist agents.

It was almost imposible for a Minister not to do so when he engaged in negotiations with Communist countries, he said, and added: "Most Ministers of both administrations have in past years associated with agents. There is no escaping from them."

It had happened to him as a Minister, said Mr. Stonehouse, when he was negotiating with the Czechs and he was trying to sell the VC 10 to their aircraft Minister. The man who turned up as an interpreter at those talks had since been named as one of the leading agents in this country, he said.

Mr. Stonehouse urged the establishment of a Select Committee to investigate the operation of secret agents—not least those of the CIA and the extent *to which they engaged in sabotage.*

Mr. Stonehouse was supporting a motion from the Labour backbenches, during a debate in which the Left wing called for a foreign policy which more strenuously apposed reactionary practices abroad.

Freedom

Mr. Stan Newens (Lab., Harlow), opening the debate, urged the Government to condemn abuses of human rights and to refuse to supply arms and, in the worst cases, aid to governments carrying out these abuses.

He attacked "support *from* abroad given openly or in a clandestine manner to reactionary individuals or cliques seeking to deny political freedom and economic advance to their peoples."

Mr. Newens referred to the treatment of political dissidents in the Soviet Union and Czechoslovakia and attacked the regimes in Chile, Brazil and Iran.

It had been said that General Heisel, President of Brazil, which had been ruled by "imprisonment, murder, torture and crimes against humanity," was to make an officil visit here. He should be told that we did not want him here until his vile regime had been cleared up.

Since the regime of the Shah of Iran had been established in 1953, rule had been carried on by secret military trial, torture andn execution on a tremendous scale."

Attacking U.S. policies, Mr. Newens said: "I have no brief for the KGB and I deplore their crimes. But I equally deplore the record of the CIA.

"It has been based on deceit, sleight of hand, the use of criminal elements and utter

MR. JOHN STONEHOUSE

cynicism about human rights. It is a disgrace to any society which considers itself democratic." He called for all CIA officials operating in embassies to be told it was time to go home.

He suggested that U.S. foreign policy in recent years was incompatible with the aims and ideas embodied in the Declaration of Independence.

Mr. Julian Amery (C Brighton Pavilion), said everybody looked forward to the day when policies between States would be a series of international negotiations. But Mr. Brezhnev had made it extremely clear that, in his view, the ideological struggle between Communist and non-Communist countries would continue.

"When it comes to Angola, surely by far the greatest scandal is the mass invasion of at least 12,000 or more Cubans and Soviet officers."

Britain could no longer police the world. We had to decide where to concentrate our effort. "Our first duty is to the people of this island—to preserve their living standard, their freedom *and their moral values.*"

Mr. Amery said that too few people realised that Britain was being threatened [illegible] Union imperialism. [illegible] very big difference b[illegible] work of the CIA and "Whatever mistakes [illegible] and allies make, w[illegible] enormous debt to the one who had worked or foreign affairs w[illegible] how much we oed to t[illegible]

Examples

Mr. Stonehouse should be a full in[illegible] reports by Washingto[illegible] Jack Anderson tha[illegible] was involved in the a ship carrying 4[illegible] Leyland buses for Ca[illegible] The ship was sun[illegible] collision with an E[illegible] freighter.

A Commons Select should be set up to whether the CIA was sabotaging this sh[illegible] other incidents conn[illegible] exports of civilian goo[illegible] and also to inves[illegible] activities of our o[illegible] Service and our ov[illegible] officials.

Mr. Stonehouse said Committee should [illegible] secret donations ma[illegible] British Government political parties. "A[illegible] Minister, I know [illegible] examples of this, whic[illegible] like to give to a Se[illegible] mittee."

He was not suggestin[illegible] activities had been as those of the CIA, "bu[illegible] engaged in covert ope[illegible] other countries," an[illegible] important MPs should opportunity of investi[illegible]

Mr. Victor Goodhev[illegible] Albans), intervening, s[illegible] much more importan[illegible] into contributions by countries to organisati[illegible] country designed to b[illegible] the Government.

Mr. Stonehouse agr[illegible] this point should included.

Mr. Douglas Hurd, Opposition said he whether Britain's lect[illegible] other countries abou[illegible] affairs had helped Brit[illegible] countries she had been help.

Our massive influe[illegible] over. "In our presen[illegible] we do need to be ver[illegible] before falling into this lecturing other countri[illegible] what they are doing."

The Government's jo[illegible] maintain correct relati[illegible] countries which fulfilled criteria for recognition from that the duty of [illegible]ernment was to protec[illegible] interests.

Tories set up small businesses link

MRS. THATCHER yesterday announced the setting up by the Conservative Party of a Smaller Businesses Bureau.

It is to operate at Conservative Central Office under the direction of Mr. Andrew Rowe, director of community affairs and youth, who will work in close co-operation with Mr. David Mitchell, MP for Basingstoke, and his colleagues of the Parliamentary Smaller Businesses Committee.

Mrs. Thatcher said that the bureau would collate and analyse the views and special problems of small businesses to ensure that she and the "shadow" Cabinet and the smaller businesses committee were fully aware of them. It would also provide a direct link between individual *small companies* and the Conservative policy study team.

Unease was growing among Britain's small firms as those who ran them and those who worked in them realised that their whole purpose and way of life was imperilled by the cumulative attack on them by the Socialist Government, said Mrs. Thatcher.

When Labour sought votes they did not hesitate to promise action to help the small firm. "Well, where are these helpful proposals?" she asked.

"Nothing to help them has been announced in the Government's programme for 1976. Small firms did not even appear on the agenda of the last NEDC meeting.

"From the way they are ignored by this Government noone would guess that one worker in three outside the public sector owes his livelihood to their continued operation."

Welsh Cou[illegible] rejects poll on devoluti[illegible]

THE Welsh Council y[illegible] voted against holding a [illegible] dum on Government p[illegible] for an Assembly—by a [illegible] of one—and backed the ment's White Paper on tion.

After the 37-strong c[illegible] meeting in Newtown, mi[illegible] Sir Melvyn Rosser, ch[illegible] said: "Some members [illegible] that constitutional required reference to the at large, as opposed to th[illegible] believed that Parliament decide on this issue."

Six of the eight Welsh councils, 27 of the 37 We[illegible] trict councils and the Council of the National F[illegible] Union have called for a r[illegible] dum.

Sir Melvyn said the [illegible] felt the role and powers Secretary of State for would not be diminished advent o a Welsh Assemb[illegible]

The Executive's World

Where lies the future of the company pension scheme?

Raymond Nottage, Director-General, Royal Institute of Public Administration, suggests that the investment record of the Church Commissioners provides an unusual opportunity to compare inflation levels with the returns from different investment media and concludes that companies, and particularly their shareholders, should consider anew the relative merits of funded and "pay-as-you-go" pension schemes.

CHURCH Commissioners ...ost-war merger of Queen ... Bounty, founded in 1704 ...nent the incomes of the beneficed clergy, and of ... Ecclesiastical Commis-... founded in 1836 to ... additional provision for ...re of souls' in parishes such assistance was most ...d, in such manner as ... be deemed most condu-... the efficiency of the ...shed Church."

Commissioners have to ... their fund to produce ...ximum possible income ...ible with long-term ... They invest in both ...y and stock exchange ...es. They do not retain significant scale revenue ...tal investment and, apart ...king over in 1955 from ...rch of England Pensions ...nvestments worth £8.5m. ...with them liability for ...s), they have received ... years very little "new ..." to add to their capital. ... record thus gives a ...dication of the extent ...h, over different periods ..., returns available from ... range of investments ... with the prevailing rate ...tion.

... newly appointed in ...he Commissioners had ...nent and other securities ... book value of about ...—of which only 4 per ... were in industrial ...es. They also became ...ible for large holdings ...and property, the greater ...f which were ancient ...stical endowments trans-...o the Ecclesiastical Com-...ers during the 19th ... from bishoprics and ...al chapters. It was not ... 1958 that the Com-...ers felt able to put a ... valuation on their ...y assets, and this was ...ted to be £69m.

...ms of income, the Com-...ers have over the past ...s increased the General ...rom £7.1m. to £31m. It ...iking record. How was ...ved?

...Commissioners were first ...ed during a period of ...erest rates, and the port-... Government and other ...es they inherited had an ...yield of only £3.54 per ...m book (not market) ... This they regarded as ...factory, and immediately ... a decisive policy of re-... fixed interest holdings ...nvesting the proceeds in ...ial securities and real ... By the time of their tenth annual report equity shares had risen from about 4 per cent. to 66 per cent. of their holdings of stock exchange securities, with preference shares and debentures amounting to another 12 per cent. In 1970 the Commissioners began to invest in the shares of U.S. companies, which now represent 8 per cent. of the stock exchange portfolio.

In the management of real estate assets the Commissioners were equally forthright and energetic. This was directed from very early days towards purchasing office buildings, shops and factories, the necessary funds being secured from the sales of government stocks, residential properties and agricultural land. In their latest accounts real and leasehold property is shown as having a total value of £236.5m., of which £133.5m. (57 per cent.) was in offices, factories, warehouses and shops; £51.6m. (22 per cent.) in residential properties; and £46.8m. (20 per cent.) in agricultural land. With the real estate being actively managed most of their annual reports record significant numbers of sales and purchases of commercial properties.

In determining investment policies the Commissioners naturally pay regard to ethical and social aspects of these policies. As defined in their 1972 report these are as follows:

"The Commissioners do not buy either shares or property with a view to sale for capital gain. Nor do they invest directly in companies operating wholly or mainly in certain trades—armaments, gambling, breweries and distilleries, tobacco, newspapers, publishing and broadcasting, and theatre and film—or in Southern Africa.

"In the case of property, leases are carefully framed to prevent improper use.

"More positively, the Commissioners recognise the share of responsibility which large investors bear both for the general health of society and for the quality of the living environment; and they endeavour to discharge these wider obligations by all appropriate means."

In real estate policies, the Commissioners have maintained a stock of houses for low income families and, as earlier reports always recorded, these are "under the care of lady housing managers."

The income resulting from these policies over the past 20 years and its comparison with the movement of the retail price index over that period are shown in Table A.

While income has outstripped the Retail Price Index in the past 20 years, it is entirely due to the favourable conditions of the first ten years, for the past decade tells a different story, as the following shows:

Quinquennial Increases	Income %	R.P.I. %
1955/60	39	18
1960/65	40	14
1965/70	22	23
1970/75	35	58

In the 12 months ended March 31, 1975, the Commissioners' investments produced, alas, only a 6.8 per cent. increase in income against a rise of 17.9 per cent. in the Retail Price Index. The clergy's stipends are derived partly from the Commissioners' revenues and partly from the contributions of Churchgoers, and the recently published Eighth Report on *The Church's Needs and Resources* by the Archbishops' Advisers indicates the proportion of annual expenditure Churchgoers will have to bear to maintain the ministry in 1976 will be 37 per cent. compared with 28 per cent. in 1973.

To meet this and other necessary increases in Church expenditure, the Archbishops' Advisers suggest the 2m. persons on the parochial church electoral rolls should raise their 1973 contributions by an average of 20p a week — that is, by £10 a year —thus providing an extra £20m. a year. In pensions industry parlance, the laity are to support the clergy to an increasing extent on a "pay-as-you-go" basis.

An alternative could have been to augment the capital fund sufficiently to enable the clergy to be paid out of investment revenues — which would require raising £250m. forthwith, allowing an average yield of 8 per cent., and consequently calling on those on the electoral rolls to subscribe £125 each without delay.

This, then, is the dilemma for the pension funds, and those of us who must meet their costs. Capitalisation of the liability for future pension payments at a time when the rate of inflation is greater than the rate at which income on a well-managed fund can be increased must mean rising subventions from annual revenues on an alarming scale.

As the Government Actuary recently stated in evidence to the Occupational Pensions Board: "If these unfavourable conditions continue, or are expected to continue, for a considerable period in the future, it may come to be questioned whether some alternative to funding as a means of financing pensions should be devised" (para. 55 of Cmnd. 5904).

Will these unfavourable conditions be entirely eradicated for the next 50 years — the kind of time-scale on which pensions schemes must work — or will they persist either permanently or intermittently?

The past illustrates (table B showing the movement of prices of consumer goods and services over 60 years according to the Central Statistical Office figures with the base of 100 at January 1974) that for a man soon to retire, pension fund contributions made in the mid-1930s are now worth little more than a tenth of their original value, and those of the 1950s barely a third.

In speculating about the future one has to take a view on the long-term balance that will emerge in the world at large between the forces that stimulate inflation and those that retard it. In most countries the former are firmly in the ascendant at the moment. Also, since pension funds rely on profit-making and rent-producing assets, the political esteem in which the persons and institutions controlling and developing these assets are held—and will be held—is another major factor to take into account.

Thus, the cautious man might well consider it unwise to rely on the future rate of inflation being generally lower than the rate of increase of income from the conventional investment media. If so, the manner in which the nation's rapidly expanding volume of pensions obligations is financed will affect in some degree the pocket of every person in the country, and most of all those of company shareholders.

Through the medium of the Social Security Pensions Act, 1975, commerce and industry will soon have an opportunity to transfer part of its pensions burden from the inherently expensive capitalising system of pension funds to the more economical pay-as-you-go system. Using the analogy of the Commissioners finances, they will be able to pay £10 a year instead of £125 lump sum.

When this opportunity comes, companies would do well to take a fresh and objective look at the options available to them for the next 50 years. Because a fund has hitherto been the basic feature of a company pensions scheme, that does not mean that it will need to be the sole—or even major—element in future arrangements. Perhaps, indeed, the concept itself of the company pensions scheme might now merit review in the interests of financial economy.

The reports of a number of major companies have recently made it all too clear how heavy is the cost of pensions provision on company revenues. The evidence provided by the Commissioners finances suggests that with the funding system the cost could escalate a good deal further.

Shareholders, therefore, have a very strong duty to themselves to ensure that the boards of the companies of which they are the proprietors are taking a forward, rather than a backward, view of the manner in which their employees' pensions should be paid for.

TABLE A

Year ended March 31	1955	1960	1965	1970	1975
	£m.	£m.	£m.	£m.	£m.
Stock Exchange invests.	6.5	7.7	11.2	12.6	14.8
Property	2.6	4.3	5.6	8.6	12.0
Long-term loans	0.6	1.3	1.2	1.2	2.1
Short-term loans	—	0.2	0.9	0.6	2.2
Total	9.7	13.5	18.9	23.0	31.1
Retail Price Index	100	118	135	166	263

TABLE B

CSO consumer goods and services movement 1914-1975

1914	1934	1954	Jan. 1974	Dec. 1975
−11.1	15.7	42.6	100	146

U.S. manager upturn

BY ART GARCIA

THERE WILL be a boom in demand for senior executives earning $40,000 and more in the U.S. this year, but the outlook is not nearly so bright for senior managers in the U.K. although executives in most of the rest of Western Europe will fare well. It is predicted that American industry will this year seek 334,000 to 363,000 top executives, an 18 to 24 per cent. increase over the 283,000 to 293,000 sought in 1975.

The pick-up in demand is in step with the U.S. recovery from the worst recession in 40 years. "This is the most optimistic forecast we have projected in three years," says Mr. Lester Korn, president of Korn/Ferry International, the Los Angeles based executive search company. But in the U.K., the situation for senior executives is "roughly comparable to where the U.S. was approximately one year ago," says Mr. Korn.

In terms of what executive recruiters call "redundancies" at management level in the U.K., the worst is yet to come. "The outlook is discouraging and demand is likely to be as bad or worse for the next six months," says Mr. Korn.

Gloomy as the near-term prospects are for U.K. executives, the picture in Western Europe is more encouraging. "There's a strong demand in Germany, with a high concentration on managerial talent requirements and also marketing sales," Mr. Korn reports.

"France also is looking to an optimistic 12 months and French companies are beginning to fill vacancies created in 1973 and 1974," he adds, making the Western European condition about even with the U.S. to-day. "Strong demand exists there for senior executives and we forecast that middle management demand also will be strong in 1976, he notes.

There are other employment trouble spots around the globe. Japan's new graduates for the first time since the end of the Second World War will have difficulty finding jobs. Unemployment there is more than 1m. and Mr. Korn says the increasing mobility occurring at the middle management level is a new phenomenon.

"There's no sign of an economic turnaround in Japan before the second half. International companies also are suffering from the recession but they are taking advantage of increasingly available high-quality middle and senior managers from Japanese firms who were not previously available," he explains.

His company finds the executive demand in Latin America holding strong. "The outlook in Brazil, the bellwether for this area, is extraordinary, in spite of the setback of the exceptional balance of payments deficits the country suffered somewhat in 1975," he says. "We feel the extremely healthy 1975 fourth quarter executive recruiting demand established trends for all of 1976."

Emphasis

That will continue putting high demand on qualified managerial executives, with emphasis on finance and marketing. Korn/Ferry expects Latin American salary levels to continue increasing because of the fast demand and sluggish supply improvement for all executives.

In South-east Asia, top and middle management recruiting currently is limited to emergency replacements. Mr. Korn looks for a turnaround in mid-1976 when even slightly greater demand from the U.S. and Germany for rubber and other commodities will trigger more industrial activity.

But it is in the U.S. where the greatest action will exist in the hiring of top executives. The best opportunities will be for general managers, who will account for a projected 30 per cent. of total executive demand. "Corporations will continue to look for the executive who can produce profits and the qualified general manager is that type of person," advises Mr. Korn. "This executive will continue to be the number one type sought in 1976."

Middle management demand also is expected to show a strong—but not as dramatic recovery—in the U.S. this year. Executive search firms report many vacancies in the $25,000-$40,000 salary range went unfilled during the economic crunch of 1975.

Mr. Korn predicts that by the third quarter of 1976, corporations once again will be seeking to fill those positions, most of which are discretionary as to timing. His estimate is that demand will rise between 10 and 12 per cent. over 1975. "This management category has been in a disastrous position in the past two years and it's just beginning to show signs of recovery," he declares.

Other studies indicate executive pay in the U.S. was up sharply in 1975 but lower increases are forecast for 1976. Last year saw the highest annual percentage increase in executive salaries in 25 years, with national surveys by the American Management Association and others showing upward salary movements of 10 per cent. or more. That only kept up with or slightly exceeded the rate of inflation but it topped the pay advances for many other employee groups. U.S. executive salary increases in 1976, however, won't match those handed down in 1975, the studies show.

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TUESDAY, FEBRUARY 10, 1976

Safeguarding the dockers

THE Dock Work Regulation Bill, which has its second reading in the House of Commons to-day, is regarded by its defenders as logical continuation of the process whereby, since the war, the employment conditions of dockers have been steadily improved. The Dock Workers Employment Scheme (which virtually guarantees a job for life), followed by the introduction of permanent employment in 1967 and the elimination of the temporary unattached register in 1972, has given dockers a degree of security *which may seem excessive* in comparison with other groups of employees but is understandable in terms of the past history of the docks. Yet despite these privileges—and to some extent because of them—employment opportunities for dockers have diminished. Containerisation has reduced the amount of work done on the quayside.

Bitterness

This has caused intense bitterness on the part of the dockers themselves, erupting on several occasions into serious strikes; the most celebrated case was the jailing of five London dockers in 1972, after the men had refused an order of the National Industrial Relations Court to stop picketing a cold store. In one sense the *dockers are no different from* any other group which is suffering from technological change and is trying to resist it; *they also* have industrial power and they are not afraid to use it. But the special position of the dockers within the Labour movement—to say nothing of the personal influence of their leader, Mr. Jack Jones—has made it inevitable that some attempt to deal with their grievances would be made.

The right approach would have been for the Government to help the dockers adjust to the *effects* of technological change without at the same time impeding the flexibility of the country's transport system. Instead, the Government has leaned much too far in the direction of protecting the dockers and has taken much too little account of the public interest in the efficient handling of freight traffic.

The Bill proposes that the present National Dock Labour Scheme should be extended to ports not at present covered by the Scheme and to other operations classified as dock work carried out in the "cargo-handling zone;" this zone would cover places which are within five miles of the nearest point on the sea or any major inland waterway. All work classified as dock work within the five-*mile area would be performed* by registered dockers, with the special privileges that the National Dock Labour Scheme confers.

Not surprisingly, the Bill as drafted was not popular with other trade unionists who feared the encroachment of dockers into their traditional areas of employment. As a result of their protests, and subsequent discussions within the TUC Transport Industries Committee, Mr. Michael Foot, the Employment Secretary, is expected to introduce amendments *to define more closely which* jobs and industries are to be excluded from the extension of the Scheme. But the basic thrust of the Bill—to enable the dockers to win back jobs that they have "lost"—remains unchanged.

New approach

The Government is caught in a dilemma not entirely of its own making. Any move to water down the proposals is likely to provoke violent protests from the dockers, while employers are determined to fight the enactment of the Bill in its present form. It is not too late for the Government to think out a new approach. The *provision of alternative job* opportunities for dockers should not involve the extension over a wider area of rights and *privileges which were designed* to deal with entirely different social conditions nearly 30 years ago. To persist with the Bill is to invite a new form of disruption no less serious than the unrest it is designed to cure.

Current events in Africa are gravely affecting two of the world's largest copper exporters. But, so depressed is world demand, the market appears hardly to have noticed. **John Edwards** analyses the situation's long-term dangers.

Crises tightening the Copper Belt

Zambia's Mufulira copper complex: with the export route through Angola shut, the coun is cut off from most of its potential overseas earnings and is seeing its copper indus generally run at a substantial loss.

TWO YEARS ago, the news that two of the world's leading copper exporting *countries were beset with* political and financial problems threatening the future of the African Copper Belt would *have sent London Metal Ex*change prices soaring. Today, judging from the lack of reaction on the LME copper market *to the recent dramatic develop*ments in Africa, Zambia and Zaire would hardly seem to exist as copper producers. Even the declaration of a full state of emergency in Zambia brought but a brief surge in prices which was followed by a quick return to the prevailing depressed levels.

Behind this apparent lack of market concern is the fact that the commodities boom of two *years ago is now but a memory;* surplus world stocks of copper are at record levels and, even with production badly hit, there *seems no danger of a shortage* without a major change in the supply-demand balance. Even if industrial activity recovers in the near future, as so many forecast, bringing a sharp rise in copper consumption, surplus stocks are expected to go on increasing until 1978, thanks to existing plans to expand production.

Production down

The extent of the present surplus is well seen in the way stocks have gone up as a proportion of demand. In 1973, stocks amounted to 13.4 per *cent. of annual consumption.* Last year, the figure was 42 per cent., while the forecast for 1977 is 46 per cent. The Lon*don Metal Exchange's* warehouses are currently holding more than 519,000 tonnes of surplus copper, a record which is over twice as high as the previous peak—192,000 tonnes, seen in December, 1972—and compares with less than 11,000 tonnes in April, 1974.

In the light of this, the lack of concern about supplies from Zambia and Zaire is not surprising. The two countries produced 698,000 tonnes and 544,000 tonnes respectively in 1974, but somewhat less last year with recent figures from the World Bureau of Metal Statistics putting Zambia's output (but not necessarily sales) in the first 11 months at just *under* 620,000 *tonnes* and Zaire's at just over 420,000 tonnes.

To-day, Zambia's production—the country's almost sole source of foreign earnings—is being increasingly affected by the continuation of the Angolan *civil war which, with the* closure of the Benguela Railway, has hit the country very hard. Since early 1973, when *it was decided* to cease copper shipments via Rhodesia, the bulk of Zambia's output had been sent out of the country *by rail to Lobito Port in Angola* with a much-reduced amount finding an exit through various alternative, limited, routes.

Hit by curbs on imports

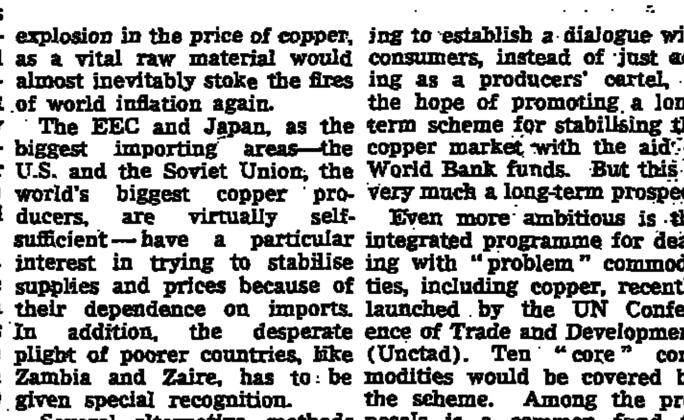
On top of these export problems, Zambian mines have also been hit by curbs on the import of raw materials and machinery vital to production. As a result, the two main Zambian copper mining groups were *last year forced to declare force majeure* and cut their deliveries of copper already contracted for by 30 to 40 per *cent. The declaration has now* been lifted—but only because the quantities involved in the yearly supply contracts with consumers for 1976 have been drastically reduced to more realistic levels.

With the country already deeply in debt, it can hardly afford to keep producing at a loss. Neither can Zaire or other major copper producing countries such as Chile, Peru and the Philippines which are both highly vulnerable to financial pressure and heavily reliant on copper. So Zambia and Zaire, *also facing transport problems,* with its routes through Angola blocked, are far from the only countries where production has been cut. With mines attempting to respond to the huge fall in demand, some U.S. producers are now operating at only 60 per cent. of capacity while members of the Intergovernmental Council of Copper Exporting Countries (CIPEC) last year agreed to an overall 15 per cent. output reduction.

Overall, perhaps 50 per cent. of Western copper mines have been operating at a loss for a considerable time. For it is estimated that at least half the mines currently operating in the West need a price of £650 *a tonne merely to break even*—and this figure is rising all the time as inflation continues and unit costs rise thanks to lower production levels. At no time last year or so far this one has that £650 figure been reached. Indeed, since the spectacular collapse in prices after the £1,400 a tonne record reached in March 1974 for cash wirebars, the figure has been *as low as £498.*

Zambia, a high-cost producer, is particularly hard hit by this, though some other mines, such *as Palabora in South Africa,* and Bougainville in Papua New Guinea, are still able to show a profit.

Overall the general lack of profitability and the soaring cost of financing the exploration and development of new deposits, means that there has been virtually no new investment in securing supplies for the future. Thus, in the 1980s, when the present surplus is used up and existing expansion plans are completed, another acute shortage could result from the long gap between the search for and discovery of new deposits and the start of production. On average, it is estimated, to bring a new mine *into full production takes four* to seven years. A consequent



explosion in the price of copper, as a vital raw material would almost inevitably stoke the fires of world inflation again.

The EEC and Japan, as the biggest importing areas—the U.S. and the Soviet Union, the world's biggest copper producers, are virtually self-sufficient—have a particular interest in trying to stabilise supplies and prices because of their dependence on imports. In addition, the desperate plight of poorer countries, like Zambia and Zaire, has to be given special recognition.

Several alternative methods of achieving stability have been suggested. The main emphasis at present appears to be on the creation of an international buffer stock aimed at buying up surplus supplies above an agreed "floor" price and holding them off the market until demand restores values to more economic levels. Rio Tinto Zinc, the international mining group, *was attempting last year to* launch a scheme under which a financial consortium would buy Japan's huge surplus stockpile *and then seek to stabilise cop*per prices in a range roughly between £750 to £900 a tonne.

But little has been heard of *this ambitious plan recently,* and the death of Sir Val Duncan may mean that it has been dropped. The Japanese Government is now backing plans for a stockpile of non-ferrous metals, including copper, to avoid surplus stocks being dumped on world markets.

There were also rumours last year that the oil producing countries were to be approached *by Cipec to finance a copper* stockpile, though Cipec subsequently denied the story and, in any event, there was no definite response from the oil producers. Now Cipec is seeking to establish a dialogue with consumers, instead of just acting as a producers' cartel, in the hope of promoting a long-term scheme for stabilising the copper market with the aid of World Bank funds. But this is very much a long-term prospect.

Even more ambitious is the integrated programme for dealing with "problem" commodities, including copper, recently launched by the UN Conference of Trade and Development (Unctad). Ten "core" commodities would be covered by the scheme. Among the pro*posals is a common fund to* finance the establishment of buffer stock support for all the commodities included as and when required.

Even if the many diverse interests were reconciled and sufficient political will found, any buffer stock scheme would have many other weaknesses, too. Nevertheless, there is no doubt that something will have *to be done if* a recurrence of the wild fluctuations in copper prices is to be avoided. Basically, it comes down to two major problems. *First is the question* of financing the development of future copper supplies. Exploration and development costs have *escalated so tremendously* that it is almost impossible for individual groups, however powerful, to raise the finance needed, especially in view of the political uncertainties in many areas.

Set of ground rules

One answer *here might* be an international agency, under the auspices of the World Bank, which would not only provide the *funds* required but also lay down a common set of ground rules governing the relationship between the country and the company or group involved in developing a new mine.

The second problem is the need to protect the poorer developing countries from the harsh effects of the law of supply and demand in a free market. In copper's case, regulation of the market is beset with difficulties and might simply worsen, rather than improve, the situation for primary producers.

An alternative might be to extend the principle of the Lomé Convention agreement between developing countries and the *EEC into the copper* market. The Convention agreement includes a deal over cane sugar imports, basically con*tinuing the old Commonwealth* Sugar Agreement, under which the Community receives a guaranteed annual supply and the suppliers receive a known price, based primarily on the sum paid to domestic EEC beet growers but also taking into account market conditions. Thus, the price of cane sugar is indirectly indexed to the EEC beet return, which reflects the rise in cost of manufactured goods. In copper's case, the U.S. domestic producer price, possibly linked with movements in the rest of the world as quoted on the London Metal Exchange, might provide the basis for a similar formula. It may be argued that some sugar *suppliers failed to honour their* pledges under the Commonwealth Agreement, but this only happened in the last year when Britain had ended the Agreement prior to entry into EEC, thus reducing the i
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The politics of the Spanish peseta

THE 11 per cent. devaluation of the Spanish peseta yesterday is a reminder that the economic and political problems of post-Franco Spain are *inextricably* linked. In terms of output, Spain is the eighth industrial power in the Western world. Its *average annual growth* rate in the period 1961-73 was over 7 per cent. Clearly economic growth on this scale was a stabilising factor in the last years of the Franco régime; without it, the political pressures for change might have been even greater.

Tourism

By 1975, however, the growth rate was barely 1 per cent. In part, *this was a reflection of the* worldwide recession, yet in the Spanish case there are special factors which make it unwise to bank on a gradual recovery. These are pre-eminently, though not entirely, political.

Even in the days of the economic miracle there were potential weak spots in the overall performance. The value of imports continued considerably to exceed the value of exports. Until 1973 the deficit on visible trade was compensated by tourism, remittances from Spanish workers abroad, and foreign investment, but by 1975 there was a shortfall of nearly $3bn.. Yesterday's devaluation, on the face of it, should provide a boost to tourism this year, though this will depend to some extent on the political situation and it has to be remembered that Italy, which is a rival attraction, has already allowed the lira to depreciate by a similar amount. Remittances from workers abroad have dropped because of the recession and will presumably be at least partly dependent on political factors in future. Net foreign investment was already falling in the last days of General Franco and seems unlikely to revive until there is some assurance of political stability.

There is also the problem of rising expectations conditioned by the years of growth. Last month's strikes may have had a strong political element, but there was also a straight de*mand for more money.* According to some employers, the number of work days lost was as great as in the whole of 1975. Not least, *there appears* to be a widespread feeling that the distribution of income is inequitable and that the benefits of the boom were insufficiently shared. There are discontents here which any trade union or political movement can easily exploit, and the power of workers' representatives in Spain is by no means negligible.

Regions

Politics and economics are intermixed too in the problems of the regions and in the Spanish approach to the European Community. If the unrest among the Catalans and the Basques is met by granting greater regional autonomy, this must have economic implications. They would need greater powers to raise and dispose of their own revenues, yet if these were granted there would be *new problems among the poorer* regions which are to some extent subsidised under the present centralised system. Again, *there is a temptation in Spain* to seek salvation as well as respectability from membership of the Common Market. The *attitude of some of the exist*ing members, however, is that the Spaniards must achieve political respectability first and *membership afterwards. If this* view prevails, the Community can offer little economic promise in the short term.

There are more problems here than can be solved by the devaluation of the peseta. Like the speech by the Prime Minis*ter on the political future last* month, the sudden currency move suggests that the Government is reacting to events rather *than pursuing a considered* policy. Given the absence of political debate under General Franco, this is not surprising, but *meanwhile the problems are* mounting.

MEN AND MATTERS

The battle of Ernest Ridge

One reason behind Planning Minister John Silkin's unusual decision to kill the now notorious Aire Valley inquiry is concern for the man who has been in the hot seat since the first of the nine hearings started in November. Although it has not been specifically stated, it is quite clear that when a new inquiry starts the inspector will *not* be Ernest Ridge, the 65-year-old retired chartered surveyor who has handled the matter so far, and who, according to Silkin, "has been through enough."

Protests reached a peak last week when objectors, who had been banned from the proceedings after earlier trouble, burst into Shipley Town Hall and again brought matters to a standstill. Hospital treatment was required for one steward. But throughout the affair, according to Silkin, Ridge has been subjected to a continuous barrage of abuse and a considerable number of personal threats. (Silkin himself has not entirely escaped, receiving a number of rude letters one of which was addressed to him as "Head of Gestapo" at the Department of the Environment.

As an inspector Ridge earns £36 a day for his efforts with no extra allowances for coping with threatening protestors and poison pen letters. Before becoming an inspector he was deputy city development officer for Portsmouth for nearly 20 years, and since his retirement in March 1974 has conducted 13 planning inquiries—not counting Aire Valley.

An ex-major, Ridge was apparently prepared to continue this particular battle if re*quested. Silkin however has de*cided that he is entitled to a rest. "He has been put through far more than anybody in that position had a right to expect." the Minister said last night.

"It's the first positive evidence that they're moving towards democracy!"

New ball park

Professional footballers may be highly paid, but few of the clubs which employ them manage to stay in the black for *very long—if at all. One which* does not is Notts County, currently fourth in the second division and within striking distance *of the leaders, yet still falling* £1,000 a week short of break-even point on gate receipts.

Add this to the accumulated *deficit of £168,000 at the end of* the club's last financial year and the picture looks far from rosy. Not surprising therefore that *Notts County, like* many other first and second division clubs and to a lesser extent clubs in the lower divisions, has *employed a commercial manager to* try and boost revenue by means of off-pitch activities.

County's commercial manager is Stuart Burgan. He has been with the club for about a year now, and in addition to normal fund raising activities by football clubs—ground advertising and the like—he is taking County into a completely new *field: insurance.*

Burgan himself is an ex-insurance broker, and he has got together with the club's brokers, Roger L. Fogg and Co. of Mansfield, to devise a scheme whereby County will pass on potential clients to Fogg *with basic details as to the type* of insurance required. Where these introductions lead to actual business for the broker the football club will get a cut of the resulting commission.

Dennis Marshall, the club secretary, said yesterday that the idea was to get as many as possible of the club's regular supporters to do their insurance via Notts County, and thus help towards solving financial diffi*culties. The average gate at the* County ground is 9,000-10,000—short of the 14,000 needed to break even, but still a lot of *potential clients.*

Return to Akzo

The departure of Dr. Tiede Herrema from Ferenka, the Limerick subsidiary of the *Dutch Akzo group, comes* two months after his hero's return to a town grateful for his courage while in the hands of *IRA kidnappers. At the same* time, his move to a job with Akzo in Holland did not appear to come as a great surprise to *Irish industrialists who know* him.

Herrema will leave at the end of this month, and will then *prepare for his new post as* director of the central staff department, personnel affairs, of the Arnhem-based chemical and textiles group. *From July 1, he* will become effectively head of personnel in an organisation which has lately had its share of labour trouble on the Continent—largely because of reorganisation in the Enka Glanzstoff chemical fibres subsidiary, leading to a reduction of several thousand jobs.

Herrema, therefore, seems ideally suited to his new role; during the protracted siege late last year of the Monasterevan council house where he was held captive, much was made of his qualifications for dealing with and understanding people.

Ferenka itself, where Herrema has been managing director, was *last night saying little on* what is obviously a delicate subject. Even without the three-week close-down of the company's *steel cord plant which* was one of the kidnappers' demands (eventually ignored), the business had been struggling, with losses last year of at least £3m. The ambitious opening plans had provided for 3,000 jobs and a £40m. investment by 1980; last year the work-force was cut by 300 to 1,200; spending so far amounts to £20m.

Penny wise

Today, with *some ceremony*, BP is to begin the repayment of the £360m. bank loan which it received in 1972 to help finance the development *of the Forties* oil field in the North Sea. Representatives of National Westminster, Lazards, and Morgan Guaranty — the three banks which led the 60 bank syndicate — will be at Britannic House to receive their cheques.

If you think you have hefty repayments, take some comfort for the size of BP's; but even in that league there is the same *meticulous attention to banking* detail that bedevils us all. The sterling repayment amounts to £1,674,106 — plus 80p. while *the dollar cheque comes to* $4,352,679 — and 4 cents.

Observer

FINANCIAL TIMES SURVEY

Tuesday February 10 1976

Bahrain

Bahrain has found itself increasingly on the map: an alternative to war-torn Beirut, Concorde's terminus and, more important, as a new offshore banking centre. Its non-oil strength is a relatively large and well-educated population.

FROM the air the islands Bahrain are stunningly ...ful—light brown fingers ...d interspersed with palm ...s and conglomerations of white buildings that jut ...he emerald waters of the ... For the time being the ... is still preserved on the ...d.

... capital, Manama, still ...s the genteel air of a pro...l town. But things are ...ing fast. Office blocks are ... up to house multinational ...nies and banks, the shape ...nama itself is altering as ...s reclaimed in the hunger ...pace, and soon Bahrain will cease to be the only ... Gulf State, once a cause... built to Saudi Arabia.

...changes are symbolised by ...pearance now of the Con... at Bahrain airport, which ...ease has put Bahrain on ...ternational map. But even ...t Concorde Bahrain has ... increasingly in the lime... The month-old conflict in ...ebanon, which has forced ...iddle East business com... to look elsewhere for ...e, has focused attention ...rain as a regional centre ...e Gulf.

... important still, Bahrain ...aced itself on the inter...al financial scene by ...g to promote offshore ...g operations, creating a ...nk in financial dealings ...n Singapore and London ...ew York.

... the past year Bahrain ...t out to promote itself as ...onal centre for the Gulf. ... been able to capitalise ... location, right at the very ... of the major oil pro..., and develop its stature ...d from Britain's former use of Bahrain as a political and military base to control the lower Gulf. The relative merits of Bahrain as a service centre are discussed elsewhere in this survey: suffice it here to say that the Bahrainis are conscious of their own limitations. Though not stated publicly people concede there is, and will be, room for more than one centre given the competitive nature of Abu Dhabi and Dubai. Thus there are signs now that the Government prefers to absorb first those who have come and those who have promised to come. The Bahrainis are also playing harder on what could be their strongest card: proximity to Saudi Arabia.

Causeway

The project to build a causeway across the 40 kilometres of shallow water to the mainland of the Arabian peninsular holds out enormous potential for Bahrain. So far only feasibility studies have been carried out but certainly the Bahrainis are anxious to press ahead. Bahrain would inevitably benefit from the huge sums being spent on the development of the eastern province in Saudi Arabia. Bahrain port would also handle more Saudi imports. If the causeway project does go through it will confirm in tangible form what are already close links between the two States. For instance Bahrain's refinery depends largely on Saudi crude. They share an increasingly important (for Bahrain) offshore oilfield, the Saudis have been the biggest single source of external aid, and it is also worth noting that the late King Feisal used his weight to ensure that Bahrain was selected as the site for the OAPEC drydock.

It is assumed that Bahrain has obtained Saudi support for its offshore banking scheme. This support is extremely important because it means that Saudi deposits will be placed with the international banks operating offshore in Bahrain. In the offshore banking scheme, which was announced last September and will begin operating properly in April, Bahrain has been careful not to alienate Kuwait. Among the 26 licences granted so far, one has been given to the United Bank of Kuwait—ensuring Kuwaiti support too.

Although the proposed union of the nine lower Gulf states collapsed and Bahrain decided to go it alone by declaring independence in 1971, Bahrain has managed to establish an easy working relationship with the UAE. The same cannot truthfully be said about relations with Qatar—still overcast by differences between the ruling Al Khalifa family and the al Thani in Qatar. Overtures by Qatar, including a proposal to build a causeway between the two states have been ignored by the Bahrainis. The two states still dispute the Hawar Islands that form part of the Qatar land mass yet have been traditionally claimed by Bahrain.

During the year important steps have been made to improve relations with Iran, culminating in the visit in December by the Iranian Prime Minister Mr. Amir Abbas Hoveida. This was the first time such a senior Iranian official had visited Bahrain since independence, and it marked the final turning of the page whereby Iran up to 1969 laid historical claim to Bahrain. This and the treaty of friendship between Iran and Iraq last March have helped considerably in creating a new sense of equilibrium in the area from which Bahrain has benefited. Even the old radical opponent, the Baathist regime in Baghdad, is treated more cordially though still at arms' length. On a more general level the increased sense of security still has not changed the Government's basic distrust of radical regimes and it is in no hurry to establish diplomatic relations with Communist countries.

The Government has reacted cautiously towards Iranian ideas for a Gulf security pact. For the moment the Bahrainis prefer to operate through a loose framework of alliances and friendships. Besides one of the declared aims of the pact is to free the Gulf from the presence of outside powers. As it is the U.S. Navy is still permitted to utilise Bahrain (one destroyer and two escorts ships are based there). The agreement for the use of this facility is due to expire in 1977, with the U.S. paying $4m. rental over the remaining period. So far both the Americans and the Bahrainis have kept their options open. Nevertheless it is a potentially sensitive issue—even though the U.S. presence is limited and very different from the former British one which in effect was a guarantor of the governments of the Gulf.

Growth as a regional centre

By Robert Graham

By tradition Bahrain, with its larger population and longer exposure to education and foreign influence, has been the political weather vane of the lower Gulf.

Thus one of the most discussed recent events was the collapse of Bahrain's experiment in parliamentary democracy. Last August the Ruler, Sheikh Isa bin Sulman al Khalifa, dissolved the National Assembly—a move preceded by the arrest of 31 leftists. The 44-man Assembly had been functioning for under two years. The deputies were elected by male suffrage except for the cabinet members and it was the first such experiment in the lower Gulf. What went wrong?

Once elected the Government quickly discovered that the Assembly was operating very differently from intended. Unfamiliarity with committee procedures on the one hand and blocking tactics on the other created a huge pile of unapproved Bills or unnecessary time was spent in approving simple Bills. The result was that many basic laws necessary for the functioning of the State got held up, in particular the introduction of a criminal code. Within the Assembly a loose working alliance was forged between Islamic traditionalists and Leftists leaving little room for a moderate view, so the Assembly had more the appearance of an opposition party to the Government, at the same time there was a fear that the immobility of the Government, due to blocked Assembly business, was being exploited by the Left which traditionally has had a following in Bahrain.

The Prime Minister, Sheikh Khalifa bin Sulman, said in an interview at the time: "We dissolved the National Assembly to give us time . . . to find a more workable substitute for an institution that was not truly representative of the people." It was a Draconian move, yet which created a surprisingly small ripple. Ministers point out that Bahrain has not turned its back on the idea of a National Assembly—rather it is a question of finding a viable formula. At present there is no sign that the Government has any firm ideas, although in private it seems likely that any future assembly would have some 50 per cent. of the deputies appointed.

Homogenous

The choice is a difficult one since the Government can scarce ignore the extent to which education has permeated society. Unlike say, Saudi Arabia, Bahrain has opened its doors wide to the modern world (even to permitting such films as The Exorcist to be shown). On the other hand the 265,000 population is still small enough for a form of guided democracy to work under the paternalistic hand of the Ruler. For instance the bulk of the leftists arrested in August have now been released. Bahraini society is also more homogenous and the population has a higher indigenous proportion than elsewhere in the Gulf. About 70 per cent. of the population is Bahraini and the State does not have to resort to large-scale employment of Arab expatriates to make the administration function.

As a direct consequence of the dissolution of the National Assembly the Goverment pushed through with a number of measures including the creation of a Minister of Housing. This was necessary both to reassure the public and to prove that it was addressing itself to the main problems confronting Bahrain—housing, shortage of manpower, and a spiralling cost of living. Wealth is still confined to relatively few people and per capita income, reckoned at $1,250, is roughly a quarter that of Kuwait. Thus these issues are serious ones to tackle.

A scheme has been initiated to build 1,000 low cost housing units a year but there are some 7,000 families on the housing list, and unless the private sector also moves this problem is going to be aggravated. As it is, upper income housing is also in short supply with rents now reaching almost $4,000 per month in some instances. A rent freeze is considered impractical since it would curb construction activity and also be hard to administer. Instead the hope is that by encouraging construction activity market forces will level off rents.

Quite apart from its impact on ordinary Bahrainis who now find the bulk of their wages taken up by rent and food, the high cost of living could have a negative impact on foreign companies seeking to establish themselves in Bahrain. For there is a limit to the price companies are willing to pay to be present. One executive worked out the other day that his rent alone was more than 12 Concorde fares a year.

This is a strange turn of the wheel, because six years ago the main concern by foreign business was for the stability of the area in the light of the British withdrawal. It also shows just how far Bahrain has changed since then.

Bahrain's economy is fortunate in having fresh growth sectors to replace the declining oil asset. However, the island is well placed to attract Gulf business, the infrastructure is being improved and the labour force is better trained than that of many of its neighbours.

The economy

ANY FOREIGNER coming to Bahrain for the first time could easily be forgiven for thinking it is just another oil-rich state. All the superficial elements are there — hectic construction activity, multi-storey blocks forging a new skyline, business men and bankers packing into overcrowded hotels, rents and cost-of-living spiralling under the demand of expatriates and a general generation of wealth. But there is an important difference in the case of Bahrain. Although its economy is oil-based, it possesses oil in limited and diminishing quantities. Moreover in comparison with the other states of the lower Gulf its economy is broader-based, its labour force is more trained, its education longer established, and its tradition of trading deeper rooted.

Thus the boom which has been in evidence for the past two years has been due only in part to the rise of its own oil revenues. Equally significant has been the fact that Bahrain stands right in the geographical centre of the major oil producers, enjoying the spin-off in particular from Saudi Arabia and the United Arab Emirates. With its better developed infrastructure, good telecommunications and air transport facilities it has proved that it is the best place to do business from in the Gulf—even though there is less actual business to do in Bahrain than elsewhere in the neighbouring states.

The oil industry remains the biggest single source of income, providing over 85 per cent. of total revenues. The industry itself is centred round production from Bahrain's own small onshore field, a joint 50/50 offshore venture with Saudi Arabia, and the Caltex/Bapco "swing" refinery (which, with its 255,000 b/d throughput, mostly processes Saudi crude). The life of Bahrain's own field is limited to a maximum of 20 years and production is now down to 55,000 b/d against a high of 76,000b/d, and in future increasing reliance will be placed upon the offshore joint Saudi operation which already provides roughly half of Bahrain's total oil revenues.

The Bahrainis, whose own oil has been in production since 1932, have been fully aware of this wasting asset, and have now established or are in the process of establishing two alternative industrial sectors—aluminium and a dry dock. The aluminium industry is based round ALBA (Aluminium Bahrain), whose $230m. smelter went into production in 1971. This was the first smelter in the Gulf and was established on the rationale of utilising the large quantities of non-associated gas available—plus exploiting Bahrain's geographic position. Although sales have been disappointing this year due to slack market conditions, the go ahead has been given to an extrusion plant, and an atomiser, while a rolling mill is being studied, thus providing the necessary ancillary industries.

Selected

At the other end of the industrial picture is the construction of a $120m. drydock. Bahrain canvassed hard with OAPEC to be selected as the site for this joint Arab project. When complete it will be able to handle tankers of up to 350,000 d.w.t.

But these two major capital intense projects are almost certainly the last for the moment. The island, which is only 225 square miles in size, cannot really cope with much more large scale industry. In broadening the base of the aluminium industry there are pollution problems to contend with. But perhaps more important is the question of manpower. ALBA, which has taken five years to build up its 2,650 labour force employs almost 5 per cent. of the island's total workforce. Any more industries on this scale would involve the wasteful depletion of Bahrain's skilled labour force and also mean importing further quantities of foreign labour. As it is, the South Koreans constructing the drydock number over 1,500. This in turn puts further pressure on housing and other services. Quite apart from these considerations the Government is anxious to husband its gas resources for existing industry and domestic power needs. So the emphasis from now will be on small-scale projects in the industrial sector.

At the same time new emphasis is being placed upon developing the services side of the economy. Bahrain wants to establish itself as a major regional centre for business and banking operations in the Gulf.

In this respect the Government has taken the bold step of setting Bahrain up as an offshore banking centre. Many regard this as the most important decision taken since independence.

The decision, announced last September, was the result of careful calculation by the Bahrain Monetary Agency. The agency's calculation went something like this: the whole region is a lender of foreign exchange reserves to the Eurodollar market. Until now this money has been placed with banks in Europe, particularly London, and in New York. Thus Gulf depositors have been forced to do their business outside the region, using outside facilities and outside their working hours. Therefore, by allowing the banks, who are the primary takers of the funds, to open offices in Bahrain then at least some of this business will be done there, with the added advantage of Bahrain being halfway between Singapore and London time zones to permit trading in both places.

According to Mr. Alan Moore, the Director of the Monetary Agency, who has master-minded the scheme: "What we are looking at in Bahrain is fundamentally the shorter-term market, where dollar deposits of maturities up to the conventional six months can be placed with branches of international banks operating here. Those banks will in turn use their offices here to finance part of their loan portfolio, especially those loans which they are making to Arab countries in the region." The aim is to establish Bahrain as a centre of equal importance to Singapore whose volume of business is $10bn., the difference being that Singapore will be biased towards depositing.

Since the scheme was announced licences have been granted to 26 banks to open offshore branches including such blue chip names as Citibank, Chase, Lloyds International, Natwest, Algemene Bank, Société Générale and Kredietbank. There are also six Arab banks, while seven of the banks participating already have operations in Bahrain. The scheme will not start fully until April, but already it is estimated that the volume of business is some $1.5bn. The agency has been careful to let in only the most prestigeous names so that it will be self-policing. The fact that so many leading banks have agreed to take licences is already considered a measure of success.

The precise impact of the scheme on the economy is hard to judge at this stage but it could be substantial: alternatively it could create a relatively isolated sector which bears little relation to the economy as a whole.

The latter is unlikely. The banks will pay an annual licence each of $25,000. The banks themselves reckon that their overheads spent in Bahrain will each be in the order of $1m. (communications, housing and salaries). Although the banks initially are going to rely heavily upon expatriates for the sophisticated skills of exchange dealing they intend to train Bahrainis. In addition offshore banking is expected to bring in its wake money brokers and then later discount houses.

Thus the importance of oil as a source of economic activity in Bahrain is lessening and will continue to do so. Nevertheless it will continue for some time to be the principal source of revenue. Paradoxically oil revenues, since the huge rise in prices in 1973, are now playing an increasingly large part in revenues. Oil revenues have risen; in 1974 they were BD96m., last year oil receipts were BD126m. (Compared with non-oil receipts of BD16m., of which roughly half were made up of customs and port dues.)

Deficit

Government expenditure is now for the first time beginning to outpace receipts. Last year with current expenditure of BD68m. and capital expenditure of BD61m. there was a planned surplus of BD5m. In fact, there was an actual surplus of BD40m. due to delays in project implementation and a general shortfall in disbursements. Although this surplus will be carried forward, the new budget (yet to be announced) is likely to see a 35 per cent. increase in current expenditure, and an almost certain deficit. According to a senior Finance Ministry official "it is becoming more and more pressing to discuss other sources of revenue." This could be either in the form of Treasury bills or via loans raised with the offshore banks. The problem is that the Government, as a matter of policy, is reluctant to consider corporate or income-tax as a fiscal weapon since this would then leave Bahrain out of step with other Gulf states—and erode the advantages, which are sometimes marginal, offered to business in Bahrain.

Statistics

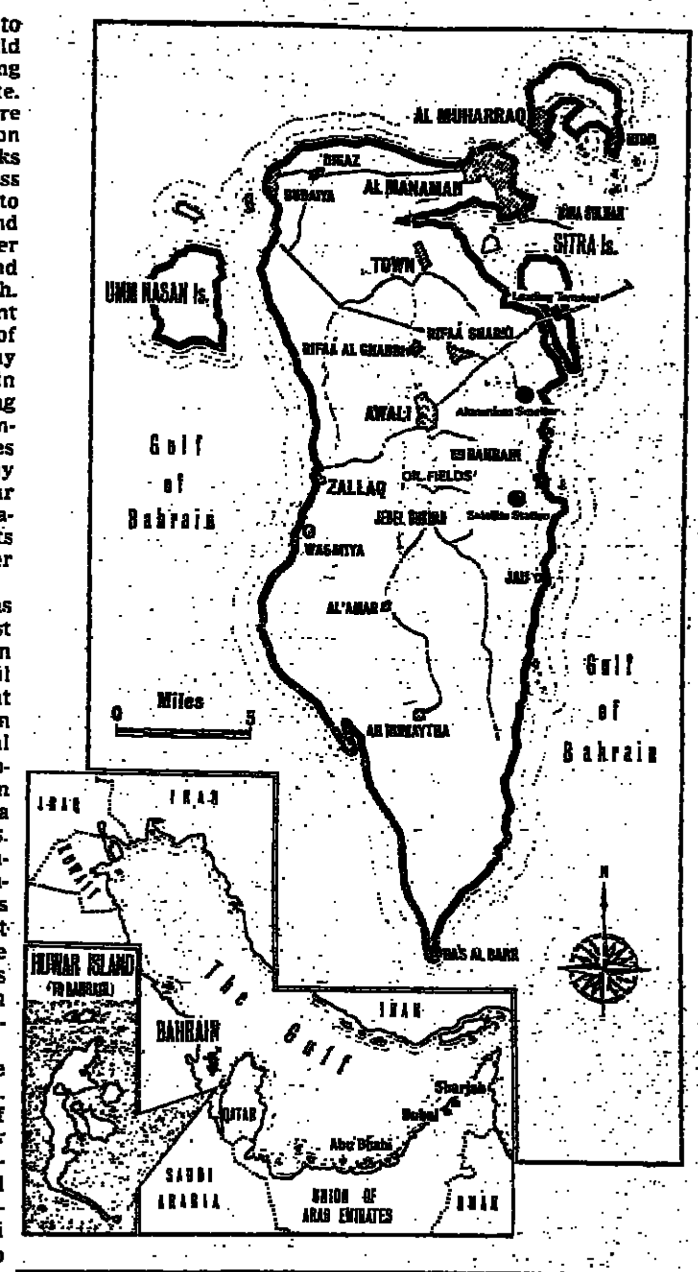
On the payments side the past two years have witnessed overall surpluses of BD43m. and BD44m. respectively. No detailed payments figures have ever been published but from trade statistics it is clear that there is a sharply deteriorating picture in the terms of trade, the deficit moving last year from BD106m. to BD150m. This is a trend which is likely to continue. However, to counterbalance this, Bahrain has traditionally been able to call on substantial undisclosed inflows of funds from Saudi Arabia, Kuwait and Abu Dhabi and to a lesser extent from Iran. In addition these were boosted last year by capital coming in for the drydock project and a healthy rise in the travel/tourism sector worth some BD8m. This is likely to increase, and the picture should be helped once the world market for aluminium picks up. Sale of current ALBA stocks could boost foreign receipts by BD10m.

Unlike the other states in the Gulf, the boom which Bahrain is enjoying is not entirely due to a hefty injection of funds by the Government. As can be seen from oil revenues and the payments situation, it does not have such funds available. The boom in good measure is due to the injection of private and foreign capital combined with a healthy entrepôt trade (30 per cent. of imports are re-exported to Saudi Arabia). The absence of large scale Government expenditure—although some may find a disadvantage—does nevertheless act as an mportant dampener on inflation, and has helped to prevent the economy from some of the distortions of neighbouring states. There is tremendous pressures on rents and wages, but in general inflation has been kept below 25 per cent. Money supply is expanding at around 30 per cent., which is still substantially lower than neighbouring states. (Currency in circulation outside banks, plus sight deposits private residents — M1—increased last year from BD58.7m. to BD78m.)

The problems which Bahrain now faces differ in kind rather than substance from those of its neighbours. Its population of 265,000 has a higher indigenous content than any other Gulf state save Oman, being about 70 per cent. But it too has to rely upon expatriate skills. With a population increasing at 3 per cent. a year it has to be careful not to create a situation whereby more labour than necessary is imported against fear of future unemployment. Although inflation is probably at an acceptable level, it will have to be constantly checked not just to prevent overheating but because there are a large number of low income Bahrainis who, despite Government subsidies on essential foodstuffs and power, are suffering from rising prices. The Government also has to be careful not to price itself out of the market as a regional centre for foreign companies. Quite apart from this a sizeable portion of the merchant class will need to learn that making money does not only consist in living off commissions.

But having said this, it would be churlish not to say that Bahrain's economic prospects are healthy. In its geographical position, its welcome to foreign business, it free access to officials, its easy-going accommodation of Islamic and Western life styles, and the willingness of its own population to work, Bahrain has major assets—assets which it is capitalising on and should be able to do much more in the future. This will be particularly the case if the causeway to Saudi Arabia finally goes through. For this project could transform Bahrain's relationship to its rich neighbour into that of Hong Kong to China.

Robert Graham



BASIC STATISTICS

AREA:	250 sq. miles
POPULATION:	265,000 (est.)
Income per capita:	$1,250
FOREIGN TRADE (1975):	
Non-oil imports (to Sept):	BD183m.
Oil (crude) imports (to Sept.):	BD173.6m.
Non-oil exports (to Sept.):	BD64.1m.
Oil (refined) exports (to Sept.):	BD252m.
Imports from U.K.:	£60.9m.
Exports to U.K.:	£17.8m.
Currency:	£1=0.799 Bahraini Dinars

هكذا صار الأصل

The Ruler of Bahrain, Sheikh Isa bin Sulman al Khalifa (right) with his son the Heir Apparent and Defence Minister, Sheikh Hamad bin Isa al Khalifa (centre) and his brother Sheikh Khalifa bin Sulman al Khalifa (left), the Prime Minister.

◄ Mr. Ebrahim Abdul-Karim, Minister of Commerce, Agriculture and National Economy since September and previously Under-Secretary of Finance. Widely regarded throughout the Gulf as one of the brightest young economy Ministers in the Arab world. Mr. Abdul-Karim now holds the vital National Economy and Agriculture posts.

Key figures in Bahrain

▲ Mr. Ahmed Kanoo, Head of the Gulf-wide Kanoo Organisation, which has its headquarters in Bahrain. One of the most famous merchant families of Arabia, the Kanoos have been trading with United Kingdom on a regular basis for over 100 years. The Kanoo interests lie largely in shipping, marine supply and repair and agency business.

Iahmoud Al Alawi, Minister of Finance in the ahrain Government. He has been controlling ahrain's purse strings since 1928 and is now in is late 70s. Known as the "father of Bahrain" or his role in instructing many of to-day's leading ghts in the rudiments and refinements of overnment and finance.

▲ Sheikh Mohammed bin Mubarrak al Khalifa, Foreign Minister of Bahrain since Independence in 1971. Previously in charge of Information matters under the British protectorate. A leading member of the "inner Cabinet" of influential ministers.

▲ Mr. Yousuf al Shirawi, Minister of Development and Industry. A leading cabinet member since independence, Mr. Shirawi is known for his great energy and for his two great industrial achievements—bringing the ALBA smelter and OAPEC dry dock to fruition on Bahrain's soil. He recently pushed for his Ministry to be broken up into more manageable units; since September ministries of housing, communications and works with electricity and water. Mr. Shirawi is a qualified engineer.

▲ Mr. Mohammed Jallal, a leading member of Bahrain's merchant community who is well known as an agent, contractor, importer and is a former Chairman of the Chamber of Commerce. His companies and agencies cover the whole sphere of Bahraini commerce, with particular reference to vehicle imports and construction.

BAHRAIN IV

The people of Bahrain see their tiny state as one of the great centres of future expansion for the Arab world. They believe that their island could become the Singapore of the Middle East during the next decade.

Business centre

IN THEIR very different ways, two major events of the last three months epitomise the direction in which Bahrain is moving—the arrival of Concorde on scheduled air services and the inauguration of the Arab world's first offshore banking system.

It would be churlish to describe the atmosphere in which Concorde arrived as blasé, but there was a feeling in Bahrain last month that the island was somehow a fitting place for the airliner of the future's initial port of call. *Bahrainis* are not smug, nor are they complacent about their island's progress—but they definitely see their tiny state as one of the great centres of future expansion for the Arab world. Their communications, their stability, their sophistication in business and the wide range of services on offer have led them to believe, after careful study that the island could become the Singapore of the Middle East during the 1980s.

The cliché is not unfamiliar—it has been applied to Beirut often enough in the past. And there is perhaps neither a sufficient population base nor tourist appeal to take the current business boom to such a level. But Bahrain is making increasing use of its central location and its educated workforce in the wake of Lebanon's disasters to further establish its claims as the service centre of the Gulf.

Bahrain has been trading with India and Africa for centuries and with Europe for over 100 years. The British political and military presence through many decades, and the very high level of education reached not merely by the present generation of businessmen but also by their fathers and grandfathers, has given the island a depth of talent which no other state in the region can call upon. There are maybe foreign businessmen who still arrive in the Gulf and expect to find life is all camels and palm trees: they get a surprise when they land at Bahrain—and many of her *neighbours for that matter—to* find that the Minister they are talking to knows more than they about finance or engineering and learnt it at a better university. As, in all probability, did his civil servants.

The talent in government and business is a direct attraction to the commercial visitor, along with which must be emphasised the personal freedom and the tolerance of foreign ways. This extends beyond permitting the consumption of alcohol (banned in Saudi Arabia and Kuwait and restricted in Qatar) and the acceptance of clothing in the streets that would be appropriate for the Kings Road. Bahrainis have been living alongside an expanding expatriate community since the early 1930s, and if most of these have been British and American, that has not prevented them establishing business relationships with people and companies from all over the world.

Rumbles

Political stability has helped this atmosphere. The hot fever of Nasserism that swept through the island in the late 1950s has long since died down, and the dissolution of the one and a half year old National Assembly in the summer—the state's first move into democracy—has elicited little more than occasional rumbles, to the disgust and surprise of radical elements.

Bahrain has its problems—in the fields of low-cost housing, water and drainage in particular—but the average Bahraini is a peaceable person. This is particularly worth noting after the crisis that has reduced Lebanon to a shell of its former glory.

The troubles in Lebanon have in fact given this small group of islands a great chance to establish a first class centre for that large group of companies whose Gulf business is sufficient to warrant a local presence rather than offices in Cairo or Athens.

The direct advantages include geographical position, communications and non-existant taxation as well as the factors outlined above. The major disadvantage at the moment is over the availability of office space and accommodation at reasonable prices and in sufficient variety.

Bahrain could scarcely have foreseen the quadrupling of oil prices that led in 1973 to the launching of the Gulf's big boom, any more than it could have forecast Beirut's collapse and an unexpected windfall of companies desperate for a Gulf headquarters. The result has been a boom in property rents which has left the average businessman gaping: a house renting for BD.150 per month in 1969 (then £125) was renting at BD.250 in 1973. The same house to-day—set in central Manama—costs BD.900 a month, or £1,080 at present exchange rates. Some villas are now renting at BD.1,200 a month.

Office rents have quadrupled in a year and a half and are up 70 per cent. since August—one square foot of prime office space lets at BD.5 per year, so a medium-sized representative office with 2,000 square feet is paying £12,000 in basic rental alone.

The local significance of these rises should not be exaggerated: similar increases have taken place in all the Gulf states. But here Bahrain's ambition and ability to promote itself as a commercial centre runs into the issue of just how many companies are prepared, and able, to pay house and office rents at these rates. So far, the rates are of course a direct response to market forces. The Government, though concerned, has not seen fit to impose any controls—and has as its main concern the erection of *suitable* housing for poor Bahrainis rather than relatively well-off expatriates.

Letting

But a great deal more office space is now becoming available and in 1976 and 1977 several hundred more flats will be ready for letting. A judicious lowering of rents would do much, later this year, to keep Bahrain's expansion going. Within the last two years four principal modern office blocks have been completed and are *now filled, offering a total of* 260,000 square feet of accommodation.

Due for completion in 1976/77 is a further 300,000 square feet of office space in just three buildings, which will also have flats and shops available, and there are numerous smaller development schemes. Typical of the prime prospects letting at around BD.5 per square foot is the island's tallest building, the Baluch Tower (still under construction and planned at 18 storeys) and a giant Sheraton Hotel office and residential complex.

Once the rental figures in the Gulf have been digested, Bahrainis feel they have more to offer than their neighbours. And two of the main reasons for this are the excellent air and telephone communications systems.

The airport is considered by regular travellers to be the best in the region, in aspect as much as in function. It handles a clutch of jumbo jets every night on their way to or from Europe and the Far East and growing numbers of regional shuttle services and international connections by the local airline Gulf Air.

In 1974, over a quarter of a million passengers embarked at Bahrain Airport and more than that number is now estimated for 1975. Aircraft movements are also up some 18 per cent. from 1,040 (July 1974) to 1,220 (July 1975), while transit passengers have increased by around 8 per cent.

The airport is now undertaking the second stage of its expansion—a development previously foreseen for 1979. An extension to the western end of the terminal will add some 80 per cent. to the existing space, and one of the air bridges at present unused will be moved across. It was originally installed because two such bridges were felt suitable for a jumbo jet, but security planning now requires one air bridge per aircraft: it is being shifted all of 400 yards to provide an extra point of entry.

The extension will provide a big new VIP complex and a *larger transit lounge with* a large duty-free shopping area similar to that in Dubai. Minister of Development Yusuf Shirawi says that the Stage 3 development of the eastern end of the terminal is now being planned for 1977, though no firm details on size are available.

Gulf Air has its headquarters in Bahrain, although owned equally by Bahrain, Qatar, the United Arab Emirates and Oman. Following the company's 1974 move from being a regional to an international airline, when it began VC-10 services to London and the sub-continent, it has now purchased four Lockheed TriStars.

Current management thinking is to keep the VC-10s which were at one time to be scrapped—these will inaugurate Paris and Amsterdam services in April and will help to thicken up services on the now very strained Gulf links. The TriStars will serve London and (hopefully) Beirut as well as Bombay and Karachi; informed airline sources indicate that a route to Rawalpindi is also under consideration for lated in 1976.

Gulf Air's first TriStars start on April 1 is a luxury configuration of only 212 seats, while 275 can be carried in normal IATA comfort. First class passengers will have a telephone link with the ground, as well as a bar and boutique. The need for larger jets has been dictated by Gulf Air's soaring traffic figures—the financial year 1973-74 saw 446,000 passengers carried, while an increase of 43 per cent. was made in 1974-75, to 652,000. Projections give over 800,000 in 1975-76.

Bahrain's telephone service, run by Cable and Wireless, excited occasional fiery letters in the regional Press—the foreigner who has tried to wrestle with the problems of Beirut, Athens, Cairo and even London finds it hard to see what they are complaining about.

The cost of calls has not gone up since 1955 and the connection charge is, as in 1949, BD2,500. A call to London can be placed at a quiet time in five minutes or less and in business hours rarely takes more than 30 minutes.

Bahrain's Earth Station, first in the Arab world in 1969, has nevertheless been under some strain, and by the end of 1976 the 192 circuits available will have gone up to 252, with an extra 96 still available for transit international traffic.

Bahrain is linked with Qatar and the UAE by broad-band microwave links, and its direct dialling system to Qatar will be extended to the entire UAE in July when the UAE's own equipment is ready and to Kuwait by the year-end. Similar *links now handle* direct-dial telex calls to most of the Gulf and to Saudi Arabia, but telephone calls to Iran and Riyadh can take hours or even days due to lack of equipment at the receiving end.

Future plans provide for worldwide STD in 1977 and special new call registration equipment is being tested for installation by local companies so that overseas automatic calls can be monitored.

Exchanges

Internally, some 14,000 lines (26,000 sets) serve the island with demand still rising and just about being met. Some areas are suffering delays, however, which will not be met until new exchanges at Isa Town, Rifaa and Muharraq are introduced in mid-year. Over BD13m. is being spent on new exchange equipment and lines in 1976 and 1977 as part of a big five-year plan: but discussions for a Government stake in telecommunications could affect this.

The most immediate pressure is likely to be on the telex system, however—with the large number of "Offshore Banking Units" (OBUs) that will start *business during the coming 12* months.

Having carefully analysed the country's status and current commercial position in the Gulf, the Government launched in October a banking plan carefully designed to attract to Bahrain the money and prestige it has long desired, while avoiding the somewhat shady reputations held by other "offshore" tax havens.

If this plan is a succ present indications now l Government to believe, it because enough hard- bankers also subscribe view that Bahrain h ingredients to become a commercial centre in i *right.*

Altogether 27 major national banks have bee approval by the Monetary Agency to set shore operations in They will in effect offer sale money market to states on their own do *it will no longer be n* for contact to be made unsociable hours wit York, London and Ja sophisticated petrodoll ings.

Offshore

Major institutions include First National C and Algemene Bank Netherlands—already o —with Chase Manhatta facturers Hanover Canadian Imperial B Commerce, Banque N de Paris, National West Lloyds, Midland, Chartered and Hongk Shanghai offshore bank open their doors i Regional interests invo clude the Bank of Bah Kuwait, United Bank o (London) and Bank Iran.

BMA Director-Gener Moore, who won the ment's confidence and when he put together th ing for Aluminium Ba 1971 on behalf of Willi Glyn's, hopes that some will be operating by end, with some $10,000 handled.

The banking scheme Bahrain firmly on the the world's financiers, is already on the map traders dealing in the whom its industrial se the field of marine su repair, engine rewind are as well known as *mercial benefits.*

But the banking pla move that has cau financial world's ima The spin-off from it will deeper consequences reliable analysts here than any of the other i ventures entered into i years.

Stefan K

Oil production

Although its own oil wells are likely to be the first in the Arab world to become uneconomic, Bahrain is still well placed to profit for a long time to come from the oil industry.

IN WAS the first Arab produce its own crude k in 1932. Despite a reduction in crude , it also looks likely e first Arab state whose ll become uneconomic. ds will not paint a black or future revenues, nor future of a Bahrain- ydrocarbons industry: e has a half share in an oilfield that is contri- xtensively to its income; continue to pipe and rude oil from Saudi vast east coast fields; Khuff gas fields in the the island have a 100- life forecast for them. in's first oil concession nted in 1925 by the her of the present ruler itish oil group. But rights were transferred —one half of the Caltex —in 1928 and the Petroleum Company was incorporated in nder pressure from the authorities, who saw wealth slipping away em, the company was d in Canada, and an agreement was made majority of expatriate should be British.

n's first crude was sold ped in December, 1934, first small refinery, of arrels per day, was con- in 1936-37 on the east n 1936 the Texas Com- k a half share in Bapco, as been owned there- Caltex until the Bahrain ent took its first hold- he company of 25 per 1974 and 60 per cent.

nage

n's oil lies mostly in ones between 1,800 and et below the surface. ressures soon declined, long ago as 1937 gas was commenced to satisfactory production n practice, development ield was completed 20 o, though new wells are yearly to supplement drainage locations.

e new workover tech- production has never her than 76,000 barrels 972) and has gone down about 55,000 barrels 1975. The quadrupling rices in late 1973 will extend the economic life of the field, but Development Minister Yusuf Shirawi sees production declining steadily at a rate of about 3 per cent. a year. "We'll stop when it's no longer economic," he said last week. "At present prices we can continue to produce satisfactorily until 1995—but there is no denying that our field is senile. There will be a gradual decline, then a very sudden drop at the end."

The Government's whole industrial strategy during the last ten years has, of course, been built around the knowledge of the field's eventual closure.

But the success of the refinery —in which the Government, for economic reasons, is not taking a shareholding—will still bring regular financial benefits.

Apart from Bahrain's own crude, the refinery has grown from humble beginnings to handle over 250,000 barrels of crude a day and an improvement scheme will add 10 per cent. to this in 1976. More than three quarters of its throughput is pumped by sea and land lines 34 miles from Ras Tanura in Saudi Arabia. This oil was in the past part of Caltex's share in the giant Aramco consortium owning the Saudi fields. Saudi Arabia's 100 per cent. takeover of its own oil leaves Aramco with a management contract, but the Bapco refinery is still needed to help handle the large quantities of Saudi crude that must daily be turned into gasoline, LPG, naphtha, jet fuels, diesel and heavy fuel oils. Payments are made on a fee basis (six cents per barrel) for this refining and tankers load with refined fuels at the long oil company jetty off the east coast.

World demand for low sulphur fuels has led to the continuing development of the refinery into hydro-desulphurisation. Much of its basic equipment is now antiquated, but the Low Sulphur Fuel Oil project (LSFO) commissioned at a cost of $60m. at the end of 1973 has been an outstanding success. The refinery can now manufacture 50,000 barrels of fuel oil daily with a sulphur *content of just 0.5 per cent.*—and the premium charged for this service is considered well worth paying by international clients.

The major petroleum contribution to the State's income, however, will come from Bahrain's income from Abu Saafa field.

This small offshore field lies entirely within Saudi Arabia's offshore boundaries, but its production of around 60,000 barrels daily is split 50/50 between Bahrain and Saudi Arabia according to a generous agreement arranged with King Faisal back in 1972. Bahrain gets some $5m. yearly from its refinery throughput fees—at present rates Abu Saafa income will total over $120m. a year, a significant figure in a country whose whole national budget in 1972 was less than this amount. Government oil sources say that Abu Saafa's maximum output is unlikely to exceed the present figure, but if this can be held steady the income will be a major source *of funds during the coming* decades.

Bahrain's natural gas resources are the other major energy factor, but the Khuff gas field is not so extensive as originally hoped.

At one time, great expectations were held for the Khuff zone—first drilled in 1938—and its high pressure gas. A 20-year contract was signed with the new Aluminium Bahrain (Alba) smelter in 1968 before its construction, and of the 250m. cubic feet now being produced daily, more than 40 per cent. goes to the plant.

But careful assessment of the six wells drilled to date has caused a lowering of estimates, and plans to use Khuff gas for a wide range of industrial developments have had to be dropped. "The gas will be used for the smelter and for future power generating station, but not for any other purposes," Mr. Shirawi stresses. Reserves *are now reliably estimated at* between 8 and 11,000bn. cubic feet. The field will continue to play a large role in running the power-intensive smelter, and government power and distillation plants—each of which would either be uneconomic or a great charge on currency reserves *if the gas* were not available.

Bahrain has been as interested in the downstream oil market as larger producers, and is a shareholder in the dry dock being built off Muharraq Island (5 per cent.) and in the Arab Maritime Petroleum Tanker Company, as a natural result of the *former. But other down*stream developments are unlikely with such a small oil output.

Control

Greater control of that output, however, is still very much an issue. The 60 per cent. share *in* Bapco *approved by the* National Assembly in mid-1975, and back-dated to January 1 of that year, gives the State a majority holding in its oil. But senior Government sources say Bahrain will await developments by other oil states in the area now implementing full takeovers before moving further. This is a reference to Kuwait in particular: if Kuwait can successfully market its own oil on its own terms, Bahrain may well follow suit on a 100 per cent. takeover. Otherwise, like Abu Dhabi, it may decide that 60 per cent. is enough for the present—after all, on the 40 *per cent. share it does not own,* it still gets a 55 per cent. income tax and 12.5 per cent. royalties tax, and it has to do none of the hard marketing work in the present situation of world oversupply.

Shirawi and the Cabinet are reckoned shrewd enough to prefer counting the pennies rather than listening to nationalist sentiment on this as on most other issues; on any State nationalisation bid, pragmatism will rule the day.

S.K.

Aluminium

The building of a smelter, originally regarded as a useless prestige project, has established the island as a force in the world aluminium market.

THE PROSPECT of an aluminium smelter was regarded throughout the Gulf as a joke when Bahrain began its studies in 1968. It was categorised by many as one of those useless prestige projects initiated in so many developing nations.

But Aluminium Bahrain (ALBA) as triumphed over many vicissitudes; has been able to establish itself as a force in the world aluminium market and has proved that all the original reasons for building a smelter in the island were not only sound eight years ago —they are even more valid to-day.

Aluminium smelting is both capital and energy intensive: the realisation of this led Bahrain's Government to its initial study of the idea. Another factor that led to its initial interest was the employment prospects for an increasingly skilled workforce—which would face serious problems when the British forces pulled out of the island in the early seventies.

Traditionally, cheap power has mean hydro power, but the depletion of hydro resources in Europe and the U.S. and the rising costs of their construction have both worked in favour of cheap energy sources elsewhere. Here again Bahrain felt that its Khuff gas reservoir, untapped since is discovery in 1938 except for limited oilfield injection purposes, would procide a suitable economic base for a smelter.

The establishment of a 20-year fixed-price gas supply contract has taken care of the energy problem—a mere 3,500 kWh are required to make a ton of steel, for aluminium the figure rises to 16,000kWh—and a long-term contract with Alcoa of Australia for alumina supply have given ALBA advantages few other smelters possess.

The aluminium industry in Bahrain was launched in 1971 with the Bahrain Government owning just 17 per cent. of the shares. ALBA has been a production company only—the international partners individually marketed their own share of production, with the Bahrain Government's portion being sold by one of the co-owners on its behalf. ALBA is now set, however, to exploit its natural advantages still further, by moving from this concept to being a self-contained producing and marketing organisation.

The announcement in December that a commercial manager was to be appointed was the first public statement of this, but it was in effect inevitable once the Government had become owner of over half the smelter's equity earlier in the year.

Its shareholding had grown to just over 40 per cent. as several of the founding partners sold out in 1972-73, depressed at the low price levels then obtaining for aluminium. The acquisition of the shares of Sweden's Elekrokoppar concern last summer brought its holding up to 52.4 per cent., and the Government at once began to plan a full marketing department for the plant.

Last month two further partners—Amalgamated Metal of London (17 per cent.) and Western Metal Corporation of the U.S. (8.5 per cent.)—sold their shares to the Government, which now has a substantial 77.9 per cent. stake in its own aluminium industry. The remaining foreign partners are Kaiser of the U.S. (17 per cent.) and Breton Investments of West Germany (5.1 per cent.).

It is significant that the two surges in share sales to the Bahrain Government have both come at times of low metal prices in this notoriously cyclical market. Aluminium producers *around the world have* philosophically cut back production in the past, while the workers—not quite so philosophically—have faced unemployment. Producers would meanwhile take the best price available for the stocks they had.

Such behaviour would be *politically* unacceptable for ALBA, even if the smelter management were not taking a longer term view. Most producers, learning from the lessons of the past, have now begun stockpiling metal against the day when the world recession ends. In ALBA's case production proceeded unabated and some 50,000 tons of metal were stockpiled late in 1975 as orders from its main customer, Japan, fell off.

Such trends stress the capital intensive nature of production, hence perhaps the wish of several of the partners to sell. But the Bahrain Government has been happy to buy these shares —for both the officials involved *and the ALBA management* believe that the long awaited world economic upturn will set prices moving sharply by the end of 1976.

"We have no plans for expansion," Industry and Development Minister Mr. Yousuf Shirawi said last week, "for ALBA this is a time of consolidation. The market has been sluggish recently, but within a year to 18 months we expect to see things really moving again."

Mr. Shirawi sees great benefits in the future from downstream activities based in Bahrain. There is already an atomiser plant for paints and now Alusuisse of Switzerland are to construct a substantial aluminium extrusion plant. Other plans for the future also include an aluminium rolling mill.

ALBA has overcome the teething troubles associated with any large industrial project breaking new ground in a developing country — safety problems, occasion labour difficulties and attaining adequate production levels. Possibly the best evidence of this is the amazing recovery during December and January from a rectifier fire that shut down one half of the smelting pots. ALBA has a total of 456 pots and the fire caused an emergency of serious proportions. First the inevitable *production shutdown had to be* carefully controlled and then, when the power supply was again available, the pots had to be brought back into production as fast as possible.

ALBA managed start-up on 210 pots within 24 days, practically a world record for the industry, with night and day shifts *using both Bahraini* and expatriate workers at all levels. The fire cost ALBA some 5,000 tons of metal production. But the management say they were so impressed with the level of morale among the workforce that they regard response to the incident as most encouraging for the future.

Training

Safety and training programmes have also proceeded apace, and the accidents—few but ghastly—associated with the introduction of a new technology to a previously agricultural workforce have drastically declined.

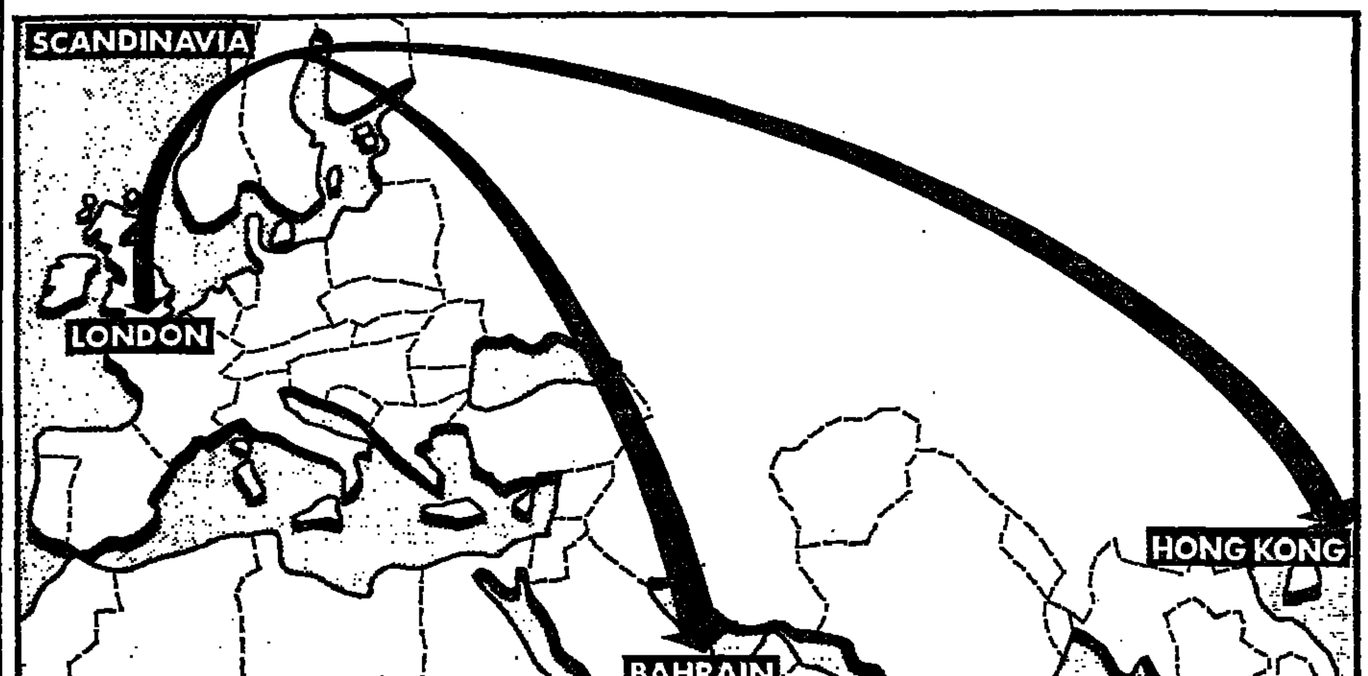
Training for the local labour force has been a priority from the beginning and ALBA now spends some BD500,000 yearly on training: in 1976 it will spend a further BD500,000 on improved facilities and equipment.

The success of training over the years is shown by the fact that some 2,300 Bahrainis now work for ALBA, with only 300 expatriates. ALBA's major asset is this increasingly skilled workforce and the home grown technology it has developed.

ALBA's only short term problem is in riding out the present world depression, which it is well equipped to do with the much increased Government shareholding. In the past, 95 per cent. of sales have gone to Japan, and the lack of a diversity of markets has perhaps accentuated the downturn in offtake. But the setting up of a Bahrain-based (and Bahrain-oriented) sales and marketing organisation coupled with the coming world revival should put the smelter back into a first class position.

Additionally, as one Government minister always says, even if the metal is only sold at a profit of one fils (a tenth of a penny) a ton, ALBA is still feeding 5 per cent. of the families in the island.

S.K.



Bahrain has begun to see an increase in financial activity over the past year, particularly in petrodollar dealings. But licences for commercial banks are now much harder to obtain.

Banking

ALL THE banking news to emerge from Bahrain recently has concerned the increasing number of offshore banking units licensed to operate, the current total is 27, and the increasing amount of petro-dollars that they are handling, the latest estimate was $1.5bn. It is probable that another three banks will join this elite group in the next month or so and that the market will become truly active when all 30 are operating around March or April of this year.

But meanwhile Bahrain's 16 (soon to be 18) commercial bank branches have not been doing too badly for themselves. One of the older established of the fraternity is known to have increased its profits ten times to around BD2m. over about a couple of years. However, enough is enough, Bahrain's Monetary Agency has firmly stated that no more licences for *commercial banking will be* issued as the country is "already adequately served." Others have even suggested that 18 banks in a country with an estimated working population of 70-80,000 (not counting Western ex-patriates) and only a handful of multi-millionaire families is a trifle excessive. Inevitably the bulk of the business is done by the top six banks but there are a number that serve specific, limited community needs. The two Pakistani banks, for example, the United Bank and the Habib Bank must be largely supported by the thriving Pakistani community in Bahrain. And the existing banks think the number is just right.

The lending market in Bahrain is pretty limited, the Government hardly borrows, there are only two major industries, the now 78 per cent. Government owned aluminium smelter ALBA, and the oil company BAPCO, in which the Government has a 60 per cent. stake, (though there are a host of small workshops), agriculture's needs are minute. That leaves principally trade—for Bahrain has to import virtually all it consumes other than oil or aluminium—and construction. In the quarter ending September last year, trade still took up the largest amount of money, some 45 per cent. of the BD156.9m., with construction taking only half as much, a little over 23 per cent.

DIRECTION OF LENDING

	Dec., 1973	Dec., 1974*	March, 1975	June, 1975	Sept., 1975
TOTAL BD	73.9m.	122.0m.	127.1m.	147.6m.	156.9m.
Sector					
Manufacturing	15.45	12.16	12.11	12.68	14.80
Agriculture	0.01	0.30	0.04	0.05	0.06
Construction	16.79	21.09	21.38	22.82	23.24
Trade	40.28	47.69	47.72	46.77	45.36
Transport	6.49	4.70	4.87	4.17	8.56
Government	3.87	1.08	1.37	1.46	0.48
Personal	8.69	6.90	6.44	4.99	4.55
Other	8.42	6.35	5.57	7.06	2.87

* 1974 onwards, residents only.
Source: Monetary Agency quarterly bulletin.

While the amount lent since 1973 has more than doubled the borrowing picture has not greatly altered. In 1973 con*struction took a little less than* half as much as trade, in 1975 it took almost exactly half as much. The borrowing structure is also extremely simple, largely because of the quick returns in construction, but also because of the innate conservatism of the Bahraini merchant or developer. "The Bahraini has a strong sense of privacy regarding his business affairs," comments one newly arrived banker, "it means bankers may not always get to know as much about his business as they would like until a mutual trust has been *established, and that takes* time." Although some of the banks have made loans on a five or seven year basis, these are far and few between. Most loans, particularly in construction and real estate projects, are for one or two years for, with rents on new three-bedroom houses touching the £1,000 a month mark, the returns are almost immediate; and office rentals are not lagging behind.

The fact that most of the domestic banks in Bahrain are branches of long-established foreign banks has, it has been suggested, helped restrain the levels of lending because these could afford to take a longer view rather than chase every lending proposition. It could *also have helped* control the growth of real estate development as a number of them will have had nasty experiences with property companies in their home countries. So the innate conservatism of both lenders and borrowers, coupled with the quick returns for both, have acted as a brake on what might otherwise have been a credit explosion.

This is not to say that the domestic banks have not experienced some "wild times" but these were mostly confined to the field of foreign exchange. It was an immensely profitable area of business for all the banks until the Bahrain Monetary Agency, two years old in law but one year old in practice, decided to regulate the business in the course of its general control on banks. Now *foreign exchange is merely* profitable, as are the other banking services on offer to the general public. (Bahrain-based banks follow the British pattern of banking, writing cheques on an empty account is merely a civil offence.)

The Monetary Agency is in fact if not in name, the central bank of Bahrain. It issues and redeems bank notes, it regulates, and maintains, the value of the Bahrain dinar in the exchange market, publishing daily the rates at which it will sell certain foreign currencies to the commercial banks and of course it supervises interest rates, in particular publishing guide lines as to the maximum rates for deposits. Currently these are: 6 per cent. on one month's money, 6½ for three months, 7 for six months and 7½ per cent. for a year. Consequently *lending* rates tend to be a couple of points, give or take a half or a quarter, above these guidelines, with deposit rates hovering below, depending on the banks' perceived need for cash.

In August last year the Monetary Agency introduced further controls on the commercial banks by calling in interest free balances from them. These balances are directly related to banks' liabilities in both Bahraini dinars and in foreign currency; for the former 5 per cent. of the total has to be deposited, for the latter it is just 1 per cent. The commercial banks have all agreed that these controls are necessary and, even if they do bite slightly into profit margins, they are really in the interest of the public.

But in addition to regulating the banks, the Monetary Agency has also created solutions to certain problems experienced in the banking system. The solutions are not revolutionary but did need some central agency to create them. For example, there was no short-term investment vehicle in Bahrain so one had to be created and the borrowings of one of the two large industries in the island were converted into one and three months promissory notes. The banks are also being *encouraged to issue certificates* of deposit.

In the wake of these, admittedly few, central regulations the banks are now beginning to talk of self-regulation in the form of a "bankers' agreement" which would initially cover such issues as wage and salary rates but which could be extended to other areas. Although the discussions preliminary to such an agreement are in the very early stages at present they could give rise to some disagreement between the long-established banks and the newcomers.

One imperative on all the banking establishments here (felt by themselves rather than imposed from outside) is the need to staff as fully as possible with Bahrainis, but there are at present very few with the necessary skills. So inevitably *there has been a certain amount* of poaching (which will probably increase as the offshore operations start to take on staff) with a subsequent spiralling of wages. A bankers' agreement would restrain this but, as one of the newer bankers *queried:* "Then *how* am I going to get the best staff, and keep them, in order to compete with the established banks?"

However the competition for customers is not limited to the field of services in Bahrain alone. Money can freely leave Bahrain for investment elsewhere in the world which widens the opportunities for banks considerably. Actually at the moment it seems that Bahrainis feel they can get a better return on their money at home and a certain amount of private capital is flowing back *into the country.* And real estate is not the only investment. The public will soon be offered half the shares in the new Continental Bank promoted by Continental Illinois who will manage it. The launching of the Continental Bank will bring the number of joint stock companies up to a round dozen, three of which are banks, (the other two are the Bank of Bahrain and Kuwait and the National Bank of Bahrain in which the Government has a 50 per cent. stake). Shares, however, are *not* very *actively* traded at present.

It is relative absence of restrictive controls as well as its fortunate geographic position that has enabled Bahrain to lay claim to a position among the international financial centres of the world. The country is a convenient stopping *point as money* journeys through time from the Arab world to London, to New York, and to Singapore. It also happened to be a crossroads for physical and telephonic communications. But many of the usual accretions of a financial centre have *yet to accumulate* around the domestic and offshore banks. A money broker will shortly set up office in Bahrain and bankers believe the market could use three; one London stockbroker has based its Middle East representative office in Bahrain but *as yet none* of the big name international lawyers are here, however there is at least one big name accountancy practice already here. And there are at least ten representative bank offices as well as a chartered surveyor.

The insurance markets seem to be well catered for with many world-known names in evidence. But there is as yet no form of very long-term lending, say 20 or 25 years, for individual house purchase loans. And yet, as more and more Bahrainis become modestly well off middle class—a process to which the banks will contribute greatly—some way of enabling them to buy their own houses could become necessary.

Arab Bank*
Bank Melli Iran
Bank of Bahrain and Ku
Banque du Caire
British Bank of the Mid
Chartered Bank*
Chase Manhattan Bank*
First National City Ban
Habib Bank (Overseas)
United Bank
National and Grindlays
National Bank of Bahra
Rafidain Bank
Bank Saderat Iran*
Algemene Bank Nederl
Banque de Paris et des
National Bank of Abu I
Continental Bank†‡

** Also has Offshore licence. † 50 per ce private participation. ‡ licensed, not yet open.*

The rest will no do in time, the island is small and its infrastr pushed to keep up with even though houses fo expatriates seem to rooming everywhere, t of trained personnel easy to increase. And likely to draw the c *vices here in addition* fessional opportunitie fact that most expatri to like life in Bahrai

Doina T

Britain remains Bahrain's largest supplier of goods, although other countries, notably the U.S. and Japan, are increasing their share of the market. Port congestion is slowly being alleviated.

Import market

THE JUMP of over one-third in the value of Bahrain's imports during 1974, matched by an almost equal increase in shipping tonnage handled, hid not only some exceptional (and exceptionally heavy) items but also a nasty shock for the British. In 1974 the United States share of the Bahrain import market rose from 14 to 18 per cent., while Britain dropped from its traditional place of lead supplier with a 19 per cent. share to number two place with only 15 per cent. of the total BD176m. import market.

And the figures—hid yet a third truth—that nothing very much happened in the Bahrain import market in 1974. It is now commonly agreed that the real post oil price increase boom did not start in Bahrain until 1975, a year in which the estimated physical tonnage of imports has *hardly increased* but the estimated value has risen by about a third. In value terms Bahrain's 1974 imports just about beat the rate of world inflation; the volume has been largely ascribed to exceptional, one-off items. But in 1975, as inflation receded, Bahrain's imports went up an estimated 36 per cent. in value, port congestion became a serious if temporary headache, and the first signs of labour shortage started to manifest themselves. And in 1975, the United States resumed, in British eyes at least, its rightful place in the league of exporters to Bahrain—number two.

In physical terms the success of the U.S. in 1974 can be explained away as a once only phenomenon. The oil company BAPCO, for example, imported *a lot of heavy plant for its new* Low Sulphur Fuel Oil project—in total it imported some $20m. worth of goods that year, though not all from the U.S. Two American contractors based in Bahrain brought in heavy goods for a contract outside, Brown and Root brought in some 50,000 tons of pipes, another consultant brought in the coatings for those pipes. Add to this the import of heavy contractors' plant for the beginning of Bahrain's construction boom and the Bahraini's liking for large American motor cars, which he had just begun to afford, and some reasons for the American success begin to show.

But as the figures are put together it r *begin to look as th* U.S. advance was onl event. By the half ye British exports to Ba reached virtually the s in money as for the 1974. As British goo more readily avail cheaper—from a on position the pound d make a dinar wort Bahrain's merchant their attention back Estimates suggest th probable BD240m. market of 1975, Br take a 17 per cent. the U.S. will be bac around 15 per cent events of 1974 shoul

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Manpower

Vocational training is high on the list of Bahrain's priorities. Although labour is plentiful, trained workers are not, and there is still a reliance on non-Bahraini skills and expertise.

'S THE most important taken in 1975 on man- . Bahrain was to estab- itional training in the Although a compara- rge and comparatively icated population had been counted as the reatest asset of Bahrain , the pressures of the price increase boom — ame later to Bahrain the other Gulf states d clearly what needed ded to the educational ities in the State.

t estimates place the ulation of Bahrain at ter million mark, give a few thousand, and 00,000 of the total are nationals. The con- boom of late 1974-75, called in a higher than umber of immigrants ly that the 1975 figure r permits issued when will be seen to have ver the 1974 figure of er 10,000, in spite of us policy of restraint). mbers of Bahrainis economically active remely low at around 35-40,000 but it must be remembered that women as yet form but a minute part of the working population. Current estimates suggest that for every working Bahraini there is one working immigrant, giving a total estimated labour force of 70-80,000, and if the number of women who could work, did so, it would push that number to over 100,000.

However, numbers alone are not sufficient to attract those service industries Bahrain wishes to see in the island or to cope with the country's plans for further industrialisation and its present development boom generally. There has been free secular education in Bahrain for over 50 years now and increasing numbers of the population have been taking advantage of it. The levels of education are primary, intermediate and secondary, which level also has technical and commercial streams as well as the conventional arts and sciences.

There is also the Gulf Technical College which was established in 1968 and now straining at the seams, caters for around 1,100 Gulf and other Arab students following technical, engineering or commercial studies. Ambitious plans for this college are being discussed, and a first stage of a ten-year development plan has just been approved, the construction of a new business administration block, costing the Bahrain Government in total around BD1m. (£1¼m.). This, it has been suggested, is the first step towards the creation of a university, though in the short and medium term college programmes are likely to remain linked to manpower needs.

Technical

Additionally the Saudi Arabian Government confirmed at the end of January that it would finance the building of a technical institute near the Gulf Technical College. The estimated cost would be BD13m. and it is proposed to offer secondary technical and commercial courses (boys only) for an estimated number of 1,600 students by 1979. This would leave the Gulf Technical College free to upgrade its own courses towards degree standard.

This educational structure had in the pre-oil boom days made Bahrain a net exporter of labour which situation has now been sharply reversed. The country's plans for further technical training of Bahrainis was given an added impetus by the influx of skilled and semi-skilled labour. This could have upset the social balance if Bahrainis were not seen to be getting their fair share of skilled and well paid jobs. So after a study by an ILO expert (following on a Ford Foundation tome) the Government decided to create a High Council for Vocational Training which is composed of commercial, industrial and labour representatives as well as the ex-officio Government representatives.

National Advisory Councils for the various industrial and commercial sectors will be set up, the one for the construction industry (where the vocational training need seems most urgent) has already come into being. It is hoped that Bahrain employers, whether national or expatriate, will become wholeheartedly involved in the vocational training plans to the extent of sending workers on the payroll for full time training. But in-plant, or on-the-job training are seen as the most important sources of training. The Government, at present, intends to fund the training centres.

There are still important topics to be settled before vocational training can be fully implemented in Bahrain and one of the first is the question of national standards. At present most standards for industrial jobs are dictated by the immediate employer, and so the skills are not necessarily appreciated by other employers, or by foreign (mostly British) examination bodies. It is not always appreciated that the acquisition of Western industrial and commercial skills by Arab nationals requires a high degree of fluency in a foreign language, again mostly English, which places a double burden on the student or trainee. It is very much emphasised by those involved in vocational training in Bahrain that this should be given "in the language appropriate for the job." Another debate, yet to be settled, is whether to create a system of "modular" training whereby a labourer can progress in stages, while employed, towards the standing of a trades or craftsman.

Three of the country's major employers already have extensive training schemes. These are Gulf Air which employs some 5,000 in the total group, over half on the airline, the rest in its catering and hotel interests; BAPCO, the Bahrain oil company in which the Government (the largest employer of all) now has a 60 per cent. stake, which employs some 4,000 people, 90 per cent. Bahrainis; the ALBA, the aluminium smelter and original spearhead of Bahrain's industrial ambitions, which employs some 2,650 of whom about 300 are expatriates.

Quickened

BAPCO has been training people, of necessity as well as out of good will, almost since the company started in the 'thirties, but the pace quickened considerably when the company decided on a conscious programme of "Bahrainisation" in 1954. ALBA had to start from scratch when it was founded in 1968.

Retaining skilled labour is now becoming something of a problem for the early employers. Whereas in the early 'sixties BAPCO used to lose around 4 per cent. of trained personnel a year, now with the boom in progress, the figure is nearer 10 per cent.—and these are not all industrial workers, some clerical go too. As the costs of training are high—the company estimates it spent around £35,000 on just one of its now highly placed technical men—this causes some distress.

The manpower problems facing Gulf Air are slightly different. At the same time as growing from a local service to an international airline in a very few years, increasing staff by 500 per cent. in the process, it also tries to implement a policy of "Arabisation" where possible.

Outside Bahrain the company has some 18 Gulf nationals training to be pilots at Hamble, another two on conversion training to different aircraft and it expects to send about 30 a year for the next three years to Perth to train as aeronautical engineers. On a more mundane level it has around 100 people learning English in Bahrain as well as a great many on general training courses associated with airlines.

These problems of sudden growth in manpower plus the need to train Arab nationals in the high technology and complex industrial skills of the Western world, are also imminent at ASRY, the Arab Shipbuilding and Repair Yard based in Bahrain which is physically due to open in 1977. Then it should be employing some 1,500 people, mainly from Bahrain but also from the countries of the other Arab shareholders. A temporary training centre has been opened in Muharraq (from where the causeway goes to the dock) and by the middle of this year the definitive training school will be in operation with a capacity of around 250-300 trainees. Intensive training programmes will also be organised for middle management, it is estimated that 16 per cent. of the managers will be Arab initially and that the whole company will be 80 per cent. staffed by Arabs within ten to 15 years.

The impact of these large scale industrial activities, and that of the increasing service sector, could put a strain on the present social fabric of Bahrain should individual Bahraini workers come to feel that they are losing out. Over 50 years of education have given Bahrain the Gulf's best educated labour force but also its most independent minded. Last year there was sporadic industrial unrest, with ALBA as a particular target.

Although all seems quiet now, it is the possibility of unrest through discontent that makes the vocational training programme, along with those programmes sponsored by the large industrial and mercantile companies, so extremely important. And equally important will be the new legislation due before mid-year, on labour relations and social security. As Bahrain progresses firmly towards the goal of a modern industrial country, the ordinary Bahraini must be convinced that his place in this new society is both secure and comfortable.

D.T.

...port

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for British exporters n; the Bahraini merk very keenly to price of their Anglophile

the course of 1974 relatively little con- the then 12-year-old Mina Sulman as the nnages handled in- y about one third to er 1m. But the con- roblem did hit Bahrain 975 (in the course of port tonnage probably by much less than a

BAHRAIN TRADE PATTERN

...BD 000)	1973 127.8	% increase 28	1974 175.9	% increase 38	1975 240.0*	% increase 36
	000	% of total	000	% of total	000	% of total
....	17.6	14	31.7	18	36.0*	15
....	24.1	19	25.7	15	41.0*	17
...nany ...	5.1	4	8.3	5	11.0*	4
....	3.9	3	5.7	3	10.0*	4
....	15.1	12	23.2	13	27.0*	12
....	7.6	6	11.2	6	15.0*	7

...tatistical bureau. * Estimate.

d it peaked towards of that year to about lowever, management s Touche Ross were t doing an organisa- y of the port and port nt was reorganised e end of the year. A rt manager was and the delays are the words of one "fluctuating down- fficially the figure is days.

lmost all ports world- e is a labour problem Sulman, mainly f skilled workers and vorkers as well as abour. The dockside me 1,400 people, is y a contractor, and ct goes out to tender years. It is not much er: the last tender only one bid—from ng contractor. The of Suez not only d the port delay prob- a Sulman by increas- ival rate of ships, but ew the port's skilled bour back to Aden; om in Iran drew the an labour back home.

...rt

r increasing the cargo capacity of the inter- irport on Muharraq e under discussion. rt has seen a steady air freight over the years. The total cargo handled, both l export, in 1972 was 5m. kg.; it rose to 8m. kg. in 1974. The of three cargo bays of accommodating eighters has been s Bahrain is in- used as a trans- oint.

me of Bahrain's trade neighbouring Gulf steadily increasing, ly that with Saudi t all a two-way trade. Bahrain exported worth of goods to bia and imported f mainly food items ruit and vegetables. coast is relatively Bahrain's trade with Gulf states, Abu Dhabi, Dubai, Oman, Qatar and Kuwait, is on a much smaller scale. Dubai, taking BD3.7m. worth of goods from Bahrain comes second in the list to Saudi Arabia, followed by Kuwait.

The major industrial trading partners of Bahrain are the U.S., the U.K., West Germany, Italy and Japan. Australia is probably the most important single source of food, in particular chilled and deep frozen meat, and China is coming up as a supplier of textiles, clothing, footwear and low unit price household items.

Japan has a particular importance for Bahrain as it was the principal buyer for the country's aluminium during 1974. It took nearly three-quarters of production, over a third of Bahrain's total exports of BD71.7m. Exports to Japan were valued at BD25m. in 1974, but by the first half of 1975 the figure had only reached BD10m. and subsequent monthly figures suggest it may not total much more than BD15m. for the year. This is partly due to the restraint on Japanese metal buyers as well as the deliberate diversification of market by ALBA and the stockpiling of some 60,000 tons (nearly six months' production) until the metal price should recover.

The principal imports of Bahrain, after food, are textiles and clothing, iron and steel for construction, transport equipment and machinery of all kinds. West Germany and Japan as well as Britain and the U.S. are big suppliers of transport equipment. In 1974 Japan took the lead, illustrated perhaps frivolously by the fact that many people in Bahrain now have the problem of identifying their white Datsun from among all the others. While West Germany and Italy are big suppliers of textiles and furniture to the up-market shops, as to some degree is the U.S., Japan and China seem to dominate the souq market for textiles (Polish textiles are noticetable too) and China is increasingly seen to be supplying low priced household items, cheap crockery, cookery vessels and basket work, in addition to clothing and footwear.

The inroads that Chinese goods are making on the Bahrain market—the value of Chinese imports has trebled over the past five years while the Bahrain import market value has just doubled—could be interpreted as the beginning of a serious second wave Far Eastern presence in Gulf markets. Already the South Koreans have won multi-million dollar contracts in about two years of intensive marketing of their contracting abilities.

D.T.

Bahrain's infrastructure is currently undergoing a thorough overhaul. Power and water supplies are being stepped up, sewage treatment improved and ports developed.

Infrastructure

THE POST-1973 boom in these islands has caused the Ministry of Development and Industry drastically to revise its plans drawn up in 1970-71 for what was then thought would be a more leisurely growth of population.

Statisticians, after the most painstaking calculations, have now come up with the startling figure that Bahrain's population is likely to reach 580,000 by the end of the century (present population is about 260,000).

Much more concentrated activity is now essential in power, water, sewerage and the development of the airport, the harbour, roads and the projected causeway to Saudi Arabia.

To revise the power requirement, The Ministry of Public Works, Electricity and Water has engaged the French firm Sofrelec, who are associated with Electricité de France to review future electricity and distribution needs until 1985.

Preliminary results of their study indicate that Bahrain will need installed capacity of 400 MW in 1980, 900 MW in 1985, 1,200 MW in 1991 and about 2,000 MW in 2000 AD. Last summer there was a total installed electric power capacity of 150 MW at the municipal power station at Juffair and the new Stira Power and Water Station combined. Peak demand last year was 145 MW. By this summer it is hoped to increase installed capacity to 220 MW by operating a second unit at Sitra plus two new gas turbines at the capital's twin town of Muhurraq. Anticipated maximum demand this year is 195 MW, an increase of 30 per cent. over last year. The plans of 1970 had predicted an annual increase of 10 per cent. only.

Demand

To cope with the growing demand in the next four years, the Sitra Power and Water Station programme has been brought forward one year for its third and fourth units.

When the first projection was made, the target of 200MW was to be reached in 1980. It will, in fact, be reached this year—five years ahead of time.

Plans are now in being to construct a third power station to keep pace with future demands. The biggest problem, however, is the distribution of power once generated, and this is a major part of Sofrelec's assignment.

Bahrain is lucky in that unlike most other Gulf states it has always enjoyed a constant fresh water supply borne through natural aquifers from Saudi Arabia. But already population expansion has caused a serious drop in the ground water level and increasing salinity in the aquifers.

It is for this reason that the sea-water desalinisation plant at Sitra was established. It is designed for a total sweet water production of 20m. gallons per day. This is to be blended with the aquifer water to an acceptable ratio and then distributed through the system.

Salinity is now in the region of 3,000 milligrams per litre, but with the desalinisation plant in operation this is expected to be reduced to 1,200 milligrams per litre. Consumption is at the high rate of 270 litres per head per day.

Sitra's first desalinisation unit is due for commissioning in May and will produce 2.5m. gallons per day. This will be blended with natural water at a point in the centre of the island and distributed to the communities of East and West Rifas, to Isa Town and to various villages including Sitra itself.

The second unit of 2.5m. gallons per day is due to be commissioned in September and water will be pumped from Sitra along the new causeway linking the plant with the port area of Umm Hassan where it will be blended. This will enable good water to be supplied to Manama, the capital, by the summer of 1977.

Water distribution, to be completed by 1978, is to cost BD27m. Consultants for water distribution are John Taylor and Sons of U.K. A project contract for machinery has been awarded to KSB of Germany and one for asbestos piping to the Eternite Company.

Coupled with the water project is an ambitious sewerage system. After four years of detailed study, construction for the treatment system for Manama and Muharraq is expected to begin in the latter half of this year. The present drainage network in both towns is considered a health hazard, particularly in the narrow confined areas of the *souks* (bazaars). The urban population of these two towns is already estimated at 185,000, a big problem in itself, but it is calculated that the quantity of sewerage requiring treatment by the year 2008 will be 165 megalitres per day. Luckily sewage here is of a domestic nature and there is absence of large water-consuming industry.

Sewers

A system of trunk gravity sewers serving both Manama and Muharraq has been planned in such a way as to minimise congestion and disruption of community life during construction. Sewers will be laid along ring-roads on the newly reclaimed foreshore. Ten major pumping stations are planned for the foreshore area and there will be 20 smaller stations.

A Water Pollution Control Centre is to be built on Tubli Bay to the south of Manama to treat all sewage from the area. In the first stage of the scheme, sewage will be treated to a standard suitable for discharge to the nearby sea, but the construction programme includes the addition of a tertiary and disinfection process so that the effluent can later be transferred to agricultural land. Consultants are T. D. and D. M. Watson of U.K. and the Project Engineer is a Swede, Mr. Bjorn Nilsson. The first stage of the sewerage project is estimated to cost BD30m.

When Bahrain's International Airport, the most efficient in the Middle East, opened in December, 1971, the terminal building had been deliberately designed so that it could be expanded in any direction to accommodate increasing traffic and with the minimum inconvenience to passengers while work was going on. The airport's second phase is now nearing completion enabling four Jumbo Jets to unload passengers direct through air-bridges, simultaneously, and with much increased terminal building space. A third phase begins early next year with the provision of a cargo apron and cargo terminal — coupled with a further extension of the passenger terminal.

The present boom has seen all Gulf ports, with the exception of Dubai, suffering heavy congestion of ships waiting to unload. To-day, the unloading delay at Bahrain is about 20 days, a short period compared with some other ports where delays of 70 and even 110 days have become chronic.

Port expansion here has, however, become a priority. The existing five berths are to be increased by a further six, making 11 in all. To these will be added additional transit and storage sheds. Tenders for the main work are now out and return is awaited this month. Total cost is estimated at BD40m. to BD45m. and the project is to be completed by 1979.

As cement is constantly and urgently required for the construction industry, plans are now being studied for the building of a special cement unloading jetty near the end of the causeway to the ASRY project.

Earnest hopes are centred on the building of the projected causeway linking Bahrain to the Saudi Arabian mainland and the international highway system. This will very appreciably ease import hold-ups. For instance, at Qatar, now the terminus of the Trans-Arabian Highway which links up with the Trans-European Highway, about 35 per cent. of imports now arrive overland.

Saudi Arabia has undertaken to build the causeway and the stage now reached is that a joint venture firm, Saudi-Danish Consultants, is still working on a study for the best alignment taking into consideration such factors as depths, tides, currents, oil-spillage and the impact on the marine environment.

The Consultants are due to submit their study within the next few months. It will then be up to the Saudi Arabian Government to decide when work will begin.

Bahrain, with an area about the same size as the Isle of Wight, does not have a road building problem of anything like the magnitude of others that have to be faced. The outline of the present network was traced in the early 1930s soon after the discovery of o lanes have since b along main highways roads cut around Mana traffic congestion du hours admittedly caus ties.

The only future elab the network envisaged ing of access roads to where the Saudi caus reach the Bahrain e obviating any potent neck.

Ralph

Bahrain's new shipbuilding and repair yard is due to come into operation in 1977. Korean expertise and labour are being used for this dock which, when complete, will be able to accommodate very large crude carriers.

Dry dock

THE ARAB Shipbuilding and Repair Yard (ASRY), now well advanced, is the first pan-Arab industrial venture, undertaken by the Organisation of Arab Petroleum Exporting Countries, with seven members participating. It is claimed that it will be one of the world's most up to date, efficient and well-sited dry docks designed to cater for very large crude carriers (VLCCs).

Pre-opening costs are now officially estimated at $292m., a huge advance on the original estimate of June 1970 when the OAPEC Ministerial Council decided to proceed with the project.

Located as it is in the heart of the world's major crude loading area, the chances of the dock eventually becoming viable commercially seem reasonable. ASRY might be thought to have got off to a late start. It was not until March 1972 that Sir Alexander Gibb in partnership with the Portuguese company Profabril, were appointed consultant engineers. They studied the optimum size of dock in relation to future VLCC dimensions and recommended a dock capable of accommodating vessels up to about 450,000 DWT.

Lisnave of Portugal, the largest and most experienced VLCC repair yard in Europe, has signed a management contract for the operation of ASRY, thus providing a high standard of international expertise.

Construction of the project began in August 1974 when the Dutch company Falco, specialists in dredging and reclamation, moved in to raise from the sea a seven kilometre long causeway ending with an artificial island of 450,000 square metres, out of which the dock basin has been carved. The causeway begins at the fishing village of Hidd at the tip of a thin promontory at Bahrain's north-east corner and runs along a reef to a point close to a natural water depth of 12 metres—more than adequate for VLCC's.

Causeway and dockyard area are now ready and the dock basin, a vast cavity 375 metres long by 75 metres wide is in the final stage of de-watering for which the Portuguese company of Cavaco is responsible.

Viewed at its present stage, it would seem impossible that the dock could be finished by the target date of July 1977. But an observer might well not realise the dedication, the enthusiasm and the capacity for work of which the South Korean company of Hyundai, who last October won the actual construction contract worth $150m., is capable.

Mr. Majid Jawad Al Jishi, chairman of ASRY and also Bahrain's Minister of Public Works, Electricity and Water, says that the Hyundai Group won the contract by a very wide margin. Competitors included Tarmac, John Howard and Philip Holzmann of West Germany who are constructing Bahrain's new power-house and desalination project. Mr. Jishi says, "We were much impressed by Hyundai's presentation of their tender, their efficiency in negotiation and their obvious ability to mobilise the resources of the companies in their group. They have already demonstrated that what they can do in a single month is almost incredible."

Mr. Jhoo Shyn Kim, 40, who is managing-director of the Hyundai effort here says: "We not only think we will meet our deadline. We will and we must. Hyundai hope to expand in the Gulf and throughout the Middle East. This is our initial, crucial test. It is imperative that we show what we can do."

Mr. Kim added: "In 1972, when the group decided to go into super-tanker building it had not even built so much as a dinghy before. We did not then have a dock. So that March we began our shipyard. We started building a 250,000 d.w.t tanker exactly a year later before the dock was completed. We delivered the tanker in November 1974. That was two years seven months from the moment of the soil breaking ceremony to make the dock."

Mr. Kim went on, "Our strength is that not only can we quickly mobilise the seven companies which make up the group, and all seven will be involved in the ASRY project, but we have facilities and trained man-power scattered round the world, with resources and branch offices. We can acquire all we want quickly, cheaply and on time." Besides the actual construction of the dock and its ancillary buildings and equipment, Bahrain presents a number of local problems. These include congestion at the port—unloading delays are now over three weeks; insufficient fresh water; difficulties with the composition of cement and concrete and acute shortage of local labour and accommodation. Hyundai had their first 10,000 tons of equipment here on December 6, unloaded at the site by barges they had built themselves.

A semi-permanent jetty will be built by the middle of this month from the dock area which will allow 10,000 d.w.t. freighters to come alongside. Thus, Hyundai is not involved in the unloading frustrations at Mina Sulman (Bahrain's port). Four supply ships are due at the dock this month, one each from Korea, Japan, England and Germany.

The fresh water problem was easily solved: Hyundai struck a source at a small island half way along the causeway. A well was drilled and 4 kilometres of piping laid to the dock within a mere two weeks.

An entire cement plant has been brought from Korea and its assembly is not expected to take more than a month.

As part of their contract Hyundai agreed to build their own accommodation on site and provide their own labour. With a total Korean work force of 1,200 in mind, work was begun on December 6. Four weeks later, accommodation for 500 men was already in being, admittedly in uncompromising

CONTINUED ON NEXT PAGE

Britons and Americans, now being joined by South Koreans, currently form the majority of Bahrain's expatriates. Although the cost of living, and particularly rents, is high, the island's way of life has much to offer.

Expatriates

...N HAS recently been ...; a great deal of atten... ...m Western employers ...idle East operations as ...did ever further into ...d the possible resump... ...ormal life has receded ...rther into the future. ...ey needed was an Arab ...which to transfer their ...es which had at least ... the expatriate tradi... ... Beirut and where ...ers could settle in ...ithout strain on the ...mmunity.

...and, on a smaller scale ...rut, already had an ex... population of some 40 ...nding. It had a liberal ...n for ... welcoming ...rs but its climate was ... condemned for its ... However, it was ...y accepted as the com... ...ns centre for the Gulf, ... air and by telephone. ...stion these employers ... ask themselves, and ...many are still asking ...ey hope to return to ... is whether their ...s would like life in ...nd whether they could ...iciently there. The ... to look at the life of ...triates already there.

...are at present about ...tish expatriates living ...in, and nearly 3,000 ...s. Some of the British ...n here since the 1930s ...rs stayed on in local ...rned, after the British ...rces withdrew from the ...oast states. Many are ...onal expatriates." ...olonial service engin... ...dministrators.

...ama

...oon the full comple... ... 1,600 South Koreans ...ive to build the dry ...present only a few are ...a little lost as... ...round town. Hyundai ...ady organised itself a ...bus to ferry them from ...campment in the dry ...en kilometres down a ... off the coast of ...q, and into town.

...f the expatriates live ...round the main town ...a. Certain houses and ...f flats are labelled ...ir." Gulf Air is now ... away the largest ... of Western expatriates ...and, and probably the ...ndlord. The most con... of its employees are, ... enough, the air ... for as the airline gears ... to run its TriStar ... has been bringing new ...the island. By the end ...ar it will be employing ... hostesses, but not all ... will be living in...

...her sizeable single-...ommunity is in the oil town of Awali, almost ...d centre of the island. ... one square mile, and ... expatriates (plus 200 ...th 300 children) live ...lf-contained bungalow town. The houses are air conditioned from a central plant, there is a central store, sweet water and gas are piped to the houses, there is a primary school and a club with swimming pool and all sports facilities.

Bungalows

Back in Manama, the Western expatriates either live in flats or bungalows or what are locally referred to as "villas," a two-storey house. Most have balconies, although the newer the house the smaller the balcany seems to be the rule, and all have air conditioning. Some also still have fans. One soon learns to talk of "ac" in the same terms that one discusses "ch" in Britain: central ac is considered a good thing though it only exists in the newer buildings. Reverse ac is apparently the ultimate in desirability—because when it gets cold and wet in the winter it is pleasant to have a system that heats as well as cools—houses that are built to be cool in summer intensify the cold in winter.

It has rained quite a lot since Christmas (but apparently not as much as last year) and, in a town not built for rain, drainage is obviously a problem; three-inch-deep flooded streets are not uncommon after rain.

The presence of water is, of course, why Bahrain is so green. There are many fresh-water springs on the island (and some under the sea), which have been used to nurture the date gardens which once, along with pearls, were the main source of the country's wealth. Some of the gardens (garden effectively means plantation) have been converted into residential areas, and in some places the palms appear to be dying.

But to compensate there seems to be a new ... government or municipal greenery planting programme. The road from Manama to Awali, which goes past Isa Town and Rifa'a (where the ruler, Shaikh Isa, lives) is lined with green, oleanders, palms and mesquite bean trees (which grow like weeds and look just like oversized pea vetch) and something that looks suspiciously like privet—it has even been shaped into cones and horses at the Rifa'a roundabout. Hollyhocks and marigolds also seem to grow like weeds, and morning glory is conspicuous on all the older houses.

Having to buy water is one of the first things a new expatriate has to get used to. Tap water is perfectly usable though too saline to be drinkable by those unused to it. But "sweet water" is made at various points in town and two jerry cans full cost a minute sum of money. There is a school of thought that suggests filtering the sweet water also, but some do without and have not experienced any ill effects from using it straight—or from using the tap water for cooking.

Shopping for the expatriate wives is as much a social event as a necessity and there are several European style supermarkets, locally called cold stores because their principal feature is the vast amount of frozen food display space. The range of canned goods stocked is both immense and entertaining, though fresh vegetables are in plentiful supply at this time of year. A lot comes from Saudi Arabia which sends about 600,000 dinars worth of fruit and vegetables to Bahrain annually. But Bahrain does grow some produce locally, such as enormous, Mediterranean style tomatoes.

The three major cold stores in Manama are Jawad, Al Jesirah and Moon Plaza, but supporting these is a whole range of smaller stores, and Bahrain's first Food Hall has just opened in Ashraf's new department store. Jawad is the major importer of chilled fresh meat into Bahrain: it is of superb quality, though the cuts are not always recognisable to those brought up on British *butchery*.

The more adventurous of the expatriates can shop for vegetables, dry goods, fruit, meat and fish in the food market. (A vast new food market is just being built on reclaimed land near the sea.) But it is best to have at least a smattering of Arabic for the fun of it as *well as for the prices*. The fish market is fascinating for those with strong stomachs, for there is a tremendous variety of fish on offer, mostly still alive. Two catches a day come in, morning and mid-afternoon. The fish sellers sit on raised concrete blocks with their catch in rush baskets beside them. Hamour, a silvery white fish with pink/brown spots, is one of the best buys as it has very firm white meat, but this is quite expensive.

For the squeamish there is what is known as "the government fish *shop*," where frozen fish and shell fish are sold. Shopping there means getting up early in the morning since *the stock vanishes fast*, but a 2 kg. box of frozen shrimps costs only BD1.400, say, just under £2 for 5 lbs. of shrimps. "Mothers of shrimps" (presumably scampi because they are huge) are also occasionally available.

Servants are not particularly cheap in Bahrain; the hourly *rate for a part-timer who finds* his own accommodation is roughly comparable to London rates, about £1 an hour. A servant who lives in is cheaper in terms of pay, but of course board and lodging is provided and all the immigration formalities have to be attended to by the employer, so in total he *may* work out to be more expensive. For the ordinary British housewife starting life as an expatriate, coping with a living-in servant may be quite a strain. The gulf in understanding and habits has to be bridged by detailed instructions in simple English.

Overall the cost of living is quite high in Bahrain. Virtually everything has to be imported, which means that the outside world's inflation rate comes in with it, and Bahrain's own inflation has been running at about 20 per cent. recently. Rents sound astronomical if translated into sterling terms: a three-bedroom modern house can now fetch anywhere between £800 and £1,000 a month. Food budgets of as much as £250 a month for an average family of four have also been mentioned. On the brighter side, drink is relatively cheap and easy to obtain in Bahrain. *Western clothes, however, are* expensive though there is quite a good selection in the department store Jastamal and some small boutiques. "Ethnic" (that is, Indian clothes can be bought in the souq). And, based on the rent, there is a 10 per cent. municipal tax in Manama, the only personal tax in Bahrain.

But for this tax one gets a number of services including what must be one of the most efficient refuse collecting services anywhere in the developing world. Almost every day gangs of four or five come along with brooms, a push cart and baskets and sweep the roads clear of everything that has been dumped in them, from *household* rubbish to pruned tree branches.

Sports

The main pastimes for Europeans are outdoor sports such as tennis, golf, swimming and sailing. There are clubs for each of the nationalities, though mem*bership is not always restricted* by nationality. There is at present a waiting list to join the British club, which in addition to its swimming pool also offers a billiards table. Social life in Bahrain is no more and no less limited than in, say, any British county town. There are cinemas and amateur dramatic clubs and the number of non-hotel restaurants is growing in both quantity and quality. The hotels, however, still provide the major meeting places in their coffee shops and bars; one of them has just opened the island's first discotheque.

The main thing, however, that must recommend Bahrain to the newcomer is the ease with which *most people seem to settle in.* Bahrainis have been used to a Western society in their midst since the mid-1930s when BAPCO employees first started coming out in any numbers. And second generation expatriates are a feature of the British community here. Some of the children of those who arrived in the 1930s regard Bahrain as "home" and have come back to take jobs in the island.

Doina Thomas

...ry dock

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...ke buildings made ...al brize-blocks but ...low frames and doors ...d by a Hyundai sub...mpany in Korea. An ... is to be a hospital ... Korean doctors and ... The nurses, together ... cooks, all aged over ... be the only Korean ...yundai will permit to ...

...ort is by smart mini... ...l trucks built by yet ...yundai company.

...ork force and staff ... architects, draughts... ... quantity surveyors ...nd the clock in two ...ach shift has a one... ...l break. Since the ... the first contingent ...l of last October, the ... been allowed only two ...One was for Christmas ... one for the Chinese ... None of the Koreans ...ing of Bahrain. Mr. ... "We are too busy to ...nd us. We have no ...rest than our work. ... our favourite recrea...

..., directing operations ...own office which is in ...hrain's newest blocks ... sandwiched between ...'s Super-store be... ...d the luxury Pearl ... above, leads the life ...ral in his Command ... height of a critical ...

In his own office, chairman

He has no house or even a hotel room. A match-board partition in a glass-fronted inner office from which he can survey his senior staff, conceals a bed. He has a similar arrangement out at the site. He has his brief rests in either bed, in whichever location he happens to be. When I met him at 10 o'clock one morning last month, Mr. Kim had worked unrelieved throughout the night and was facing up to another full day. The work force will be augmented as requirement develops and will be at full strength in April/May. They will present an array which will make a Western trade unionist blink at its total disregard of trade demarcations. These selected Koreans will each have at least two, and in most cases three, specialised skills. They can be moved from job to job as occasion demands. No man will ever be idle.

The present state of development is that besides building accommodation and organising a water supply, the Hyundai men in a few weeks have laid the foundations for ASRY's permanent training school and the permanent buildings for the shipyard, have completed the initial work on the quay walls and are now ready to start work on the bottom of the dry dock basin as soon as de-watering is completed.

Mr. Al Jishi is not only highly pleased with progress so far, but with arrangements he is concluding to ensure ASRY's ultimate success. All contracts for mechanical equipment have already been awarded. These include orders for cranes with lifting capacity of 15 and 100 tons, travelling cranes lifting 15 tons to cover the repair areas and two floating cranes—one with a lifting capacity of 200 tons.

Insurance

Mr. Al Jishi is also optimistic on the usage potential of the dock. Marketing agents in Britain and France have already been appointed and the remaining world-wide agents are expected to be appointed shortly. Personnel policy and salary scales for the dock's eventual operators have been approved. Insurance for all activities of ASRY has been placed with a consortium of ten companies within the Arab World.

A study for the future expansion of ASRY's activities is now being prepared and should be ready this month. There are many courses open to choice and these may not necessarily involve a second dry dock basin.

Mr. A. Jishi is also concerned with the organisation of training for middle- and higher-grade management posts. OAPEC's aim is the complete "Arabisation" of all connected with ASRY in the next ten to 15 years.

Another hard worked man is Sr. Jose Manuel Queiros Velez, seconded from Lisnave who will take over the dock, who arrived here a year ago.

*Apart from keeping a watch*ing brief for Lisnave, Sr. Velez is particularly occupied with organising the training of young Bahrainis in the technical skills needed to operate the dock yard. A training school has been temporarily set up in the maintenance hangars at what was once the RAF base on *Muharraq Island. There are* now 76 trainees but these will number 400 when the ASRY permanent training centre is established at the yard itself.

The centre will be modelled on that at Lisnave where specific advanced methods have been developed in both the theoretical and practical *divisions*.

If necessary, trainees will be sent to well established VLCC yards and to equipment manufacturers overseas for practical experience in hull and machinery repairing. "On the job" training is also being arranged here. In time it is hoped that the ASRY school will become a major Arab centre of practical teaching in a wide variety of mechanical skills and trades.

Ralph Izzard

Steady progress is being made towards a complete welfare state structure. Education and medical care have been free for over 50 years and poverty has all but been eliminated. Subsidies and price controls have been introduced to combat the spiralling cost of living. Emphasis has been put on education for some time and considerable advances are being made.

Social welfare

BAHRAIN IS not yet a welfare state, but steady progress is being made. Education and medical care have been free for more than half a century. Families below the poverty line receive subsistence allowances from the Ministry of Labour and Social Affairs, and beggars have virtually disappeared from the streets. Free child guidance clinics—the first in the Gulf—were introduced last year.

Hundreds of people who missed out on earlier schooling have seized the second chance offered by adult literacy centres all over the island, while vocational training with the co-operation of the UNDP and ILO aims to improve the job prospects of unskilled and semi-skilled workers. An improved pension plan for government employees came into force last October, and a nationwide social security scheme is now before the Cabinet.

Faced with an unprecedented rise in the cost of living, the Government has introduced subsidies and controlled the prices of essential commodities such as rice, sugar, bread, meat and vegetable oil. Nevertheless a recent survey indicates that nearly half the average family's budget is spent on food, with accommodation the next most expensive item. The newly established Ministry of Housing talks in terms of 1,000 system-built houses a year for the lower income groups, and a crash programme for the first 700 has already been launched.

Education was the biggest single item in Bahrain's 1975 budget, accounting for 18 per cent. of recurrent expenditure. It is not compulsory but more than a quarter of the island's *total population is enrolled in* the schools. Although little is done to educate spastic or mentally handicapped children, a well-equipped school for the blind was established two years ago in Muharraq, with funds from Saudi Arabia.

Co-education in the Koranic schools goes back more than 13 centuries and in the heyday of the pearling industry private teachers were common among upper-class families. Public education, which has always been segregated, began in 1919 with the opening of the Khalifiya Hidaya school in *Muharraq, and the first boys'* secondary school was established in 1940. Girls had to wait for secondary education until 1951, although their first primary school opened in 1928. Outnumbered by more than 5,000 at primary level, there are now 500 more girls than boys in the top three secondary classes. This trend is repeated in the adult literacy centres, where women determined to catch up show a much lower drop-out rate than men.

After a period of rapid growth, the emphasis is now on quality rather than quantity, and except in the technical sector where facilities will be more than doubled by 1977, the number of schools will remain static.

Vigour

Director of General Education Mr. Hassan Al-Mehri is dissatisfied with the success rate in the primary schools where among 42,000 pupils more than 25 per cent. are "repeaters." Getting rid of old, unsuitable school buildings, improving teacher-pupil ratios (the average primary class is 45-50), updating the curriculum, introducing multi-media teaching aids and retraining the 20 per cent. of unqualified teachers are all measures being pursued with vigour.

About half the children continue with two years of general education in the intermediate schools, which leads to the Idadi leaving certificate at age 14 or later. Much more highly regarded as a passport to a good job or to higher education is the Towjihi secondary leaving certificate in either literature or science. Commercial students also take recognised examinations, and secondary technical courses lead to City and Guilds qualifications in basic engineering, automotive trades, electrical installation, air *conditioning* and refrigeration, welding and similar skills. Despite the urgent need for skilled craftsmen to carry out Bahrain's development, the opportunities have not been fully exploited, and less than *15 per cent.* of boys opt for technical education.

Two-year teacher-training courses were established in 1966, but with the opening of purpose-built training colleges at Isa Town in October it is *planned to introduce four-year* degree-level courses and, possibly, maintenance grants for students. Dependence on expatriate staff will end within ten years, and there is already a small surplus of women *primary teachers.*

The Gulf Technical College, founded in 1968 with support from Abu Dhabi and Qatar, now has 1,100 students following the 52 available courses in all branches of engineering and business studies.

"Education for unemployment is no education," says Principal Donald Longman who, with 17 of his senior staff has been seconded from the British Ministry of Overseas Develop*ment. Courses in shorthand,* typing and office practice are popular among the girls, while power plant and process operators' courses are among the practical, job-orientated programmes introduced this year. *Intensive use is made of* the inadequate facilities, and the college operates three shifts from eight in the morning until nine at night.

UN advisers have carried out a preliminary survey of manpower needs for the Ministry of Labour and Social Affairs, and a pilot vocational training scheme has been set up to upgrade 150 masons, carpenters, and welders from the existing labour force. Training schools for the dry dock, the State electricity department, and the hotel and catering industry are Government initiatives, while the Bahrain Petroleum Company (Bapco) and Cable and Wireless, joined later by Aluminium Bahrain (Alba) and Gulf Air, all have training programmes.

Abroad

Higher education abroad continues to be the goal of the most able students. Bapco has sent 338 employees to Europe and the U.S. during the past five years, while 108 were sent by Cable and Wireless and 80 by Alba. Hundreds more have been sponsored by the Government to attend Western or Arab universities and training colleges in education, finance, *administration,* and other specialist fields.

At the other end of the scale, there is no Government provision for nursery education, despite the growing number of married women in employment. *The Bahrain Red Crescent* Society has opened the first day nursery for children of limited income families, and the demand is such that within three months the number of places is to be increased three*fold to 150.*

In the health service, which has been allocated about 6 per cent. of the annual budget for 1976, the shortage of trained manpower is the principal limiting factor. When the *American Mission Hospital* opened in 1900, followed shortly afterwards by the British-supported Victoria Hospital, all the doctors and nurses were expatriates, and the first Bahraini doctor—the present Minister of Health, Dr. Ali Fakhro—did not qualify until 1958.

Training for locally recruited male and female nursing staff began ten years earlier, but only recently, with the establishment of the Yousuf Kanoo School of Nursing and the introduction of three-year courses in addition to the shorter practical training, have nurses achieved professional status. At present there are more than 100 student nurses, who are not regarded as part of the hospital labour force, and 40 per cent. of the trained staff of 500 are Bahraini nationals. Similar programmes have been set up to train pharmacists, laboratory and X-ray technicians and other ancillary staff, but professionally qualified psychiatrists, radiographers, physiotherapists, speech and occupational therapists remain in desperately short supply.

From 1925 clinics were opened in Muharraq and the smaller towns and villages, followed by the first child welfare and health centres. The functions of the Naim General Hospital, which opened in 1940, have now been transferred to Salmaniya, which was established as a women's and children's hospital in 1956 and will become the greatly enlarged, 850-bed Salmaniya Medical Centre in 1977.

Apart from the physical developments, which include the establishment of maternity, geriatric, chest and psychiatric hospitals, and a Department of Public Health concerned with preventive medicine, sanitation and health education, great strides have been made in the eradication of such diseases as malaria, tuberculosis, trachoma and smallpox.

Bapco, Alba and Gulf Air operate limited medical facilities of their own, but Government health care is free to expatriates as well as to nationals. However, a nominal *charge* is made for a private hospital room, and outpatients may avoid the long morning queues by paying to see a doctor privately. No attempt is made to provide highly specialised facilities, and the few Bahraini patients who require sophisticated brain or heart surgery, or cancer treatment, are sent abroad at Government expense.

A five-year plan for health calls for the improvement of the doctor-patient ratio to one in 1,000 instead of one in 1,750, and an increase in hospital beds from 4.5 to 7.5 in 1,000. Responsibility for management and training is to be shared, following an agreement signed in January, with experts from the American University of Beirut.

Eight new health centres are planned, bringing the total number to 20, in addition to a 450-bed hospital in Muharraq and a smaller one in Isa Town. The ambulance service, which has come in for criticism because of poor equipment and unqualified personnel, is to be brought up to a better standard *with 11 new ambulances* and a training programme in casualty care. The plan also includes increased facilities for psychiatric care and improvements to school health services, with the emphasis on prevention rather than cure.

A separate Occupational Health Department within the Directorate of Public Health, has been allocated a budget from 1976. Set up with the help of WHO, its function is to work closely with the Ministry of Labour and Social Affairs in protecting the health of workers in an industrial environment, setting up safety standards and carrying out regular site inspections.

There is a growing awareness that social welfare is a shared responsibility. Dr. Zein Amara, a consultant psychiatrist who regards emotionally disturbed children as the high-risk group for drug addiction and crime, has enlisted the co-operation of police, teachers and social workers in his campaign for early identification and treatment.

Beggars were banned from the streets last summer under penalty of stiff fines or prison sentences, but police first directed them to a special Social Affairs Bureau, where social workers studied their circumstances and gave financial help where necessary, as they do to needy families on a regular basis. This assistance was described at the time as a temporary expedient until such cases could be covered by social security—but in fact the social security scheme now before the Cabinet *does nothing* for them.

"Social insurance is the chief weapon against poverty," emphasises the U.N. adviser who drew up the proposed scheme for Bahrain — but only for those who are in paid employment. It is a compulsory scheme for Bahrainis and expatriates alike, and covers old age pensions, permanent disability pensions, death, industrial injury and occu*pational disease.* There are no provisions for sickness benefit, unemployment or any form of family allowances — nor does it apply to the self-employed. However, it is a start in what are regarded as the priority areas, and there is as yet no machinery to administer it.

Employees will contribute 7 per cent. of their salary, and employers 11 per cent.; the pension levels are regarded as *generous at 2 per cent. of the* aggregate salary during the last two years of employment, multiplied by the number of contributory years. Expatriates may draw their pensions in their own countries, or if there is no reciprocal agreement, on leaving Bahrain they get back their own and their employer's contributions, plus 5 per cent. interest.

Pension

Government employees with 40 years' service can expect to retire on two-thirds of their last basic salary under their own pension scheme, which is already operating but which covers only Bahraini nationals.

Poor housing and spiralling rents are major political issues, and a separate Housing Ministry to speed up construction programmes was established after the dissolution of the National Assembly last October. It was faced with more than 7,000 applications for new homes.

Few of the highly inflammable palm-frond *barastis* remain, but there are still ugly shanties—perhaps 200 in all—built with scrap metal and wood, while large numbers of slum properties suffer from overcrowding and poor sanitation.

In the changing social climate, young married couples want to set up home on their own instead of moving in with parents, but the high cost of family housing—BD20,000 for the simplest system-built bungalow—has put home ownership out of reach. Construction costs have trebled over the past two years, and land values have gone up four to six times. Landlords cashing in on the shortage of decent accommodation are charging expatriates a up to BD600 a month, Bahraini teacher earn BD150.

The first Governme cost housing schem initiated in 1963 on a stretch of desert *Manama and Rifa'a.* I to-day accommodates m 1,520 families, with a 120 cement-block house point of completion, repay the constructic over a 20-year period, ranging from BD6.2 to a month. The town four schools, mosques, ping centre and facil sport and entertainme

With more money after 1974, the Governm missioned consultants I Davies International out a National Housin Study. Now, instead o trating on one area an traditional building the intention is to spr housing projects widel introduce four-to-fi apartment blocks and fabricated and system

A locally-owned fa produce the French system of industrialise is due to be complete and the Housing Min already placed orders, tract for 75 prefabricat at Isa Town has been to a Kuwaiti compan factory in Saudi Arat another company ma Scandinavian building already well establi Bahrain.

The Housing Mini this week considering i allocations for 1976 a not release new figures jects already announc end of last year incl system-built houses on at Isa Town and at Muharraq Island, fol a further 210. Deve are in hand in the Manama, on Sitra Is in the villages, while a for two-to-four-bedroor tional houses is out to

BD10m. has been this year for home l a scheme for Go employees is already tion. Similar loans h offered to its empl BAPCO over the past *but the cost of repayr* of salary even over has become prohib to-day's house values, hard to see how a scheme could apply ally to private-enterpr ing. *The intention, h* that loans should also for extensions and ments to existing buil

Mary

BY JOE ROGALY

[he cost of welfare handouts to students

TS should not live on curity. They should a living. It no jobs able the Government other agency should s, which could be re- in life.

uld quarrel with the these propositions. e Cabinet has taken in principle that the collection of supple- benefit by students curtailed, preferably forthcoming Easter when, apart from any- the mass registration its as unemployed e again distort the A fine decision, ght say, and yet ample of the Govern- lcome if belated con- conservatism! It may at, but we cannot be ntil we know how going to put it into

one is not as easy as . The basic principle pplementary benefits that it should be a for everyone in need. perhaps saner, milies would be ex- look after those of bers who had fallen times. In modern person over 16 who ool and who can be e without resources ; as they say among in the social security offspring of a Getty kefeller or Chaplin mately claim support erence to the possi- little help from the ies even if a student is living at home. The maxi- mum personal allowance for anyone over 18 in such circum- stances has been £8.70 a week since November 17, plus £1 pay- able as an assumed contribution to the parents' rent, or instead of rent. The maximum for students in their own digs is £10.90 a week, plus the actual rent; if they are married the payment is £17.75—again, plus rent. (A flat £3.18 is deducted on the ground that this is the part of the student grant that is supposed to provide for holiday subsistence.)

Same rates

Leaving aside that deduction, these are of course the same basic supplementary benefit scale rates as those that apply to all claimants. They do not look quite so out of place when the recipients are the indigent old, or the long-term unemployed, or others in more obvious distress than students. From the point of view of the *genuine* poor the benefits are too low. It is partly for this reason that those who value the Welfare State would be reluctant to breach one of its fundamental principles simply in order to stop a few students from taking advantage of it.

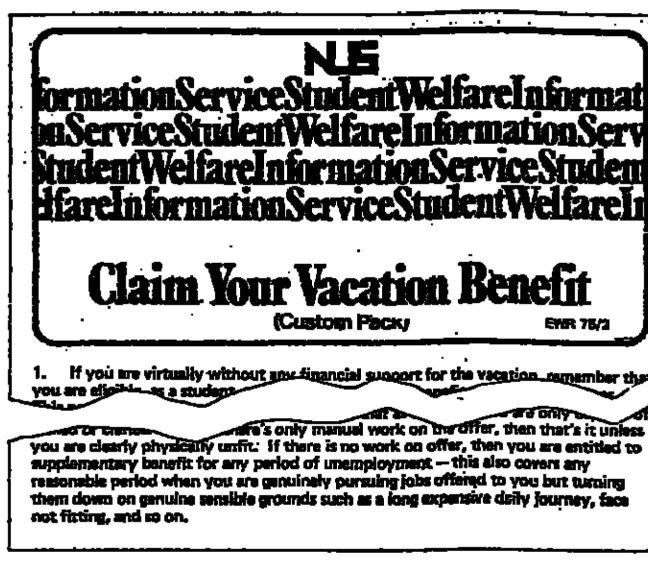
They have not always done so. But starting in 1973, and accelerating in 1974, the National Union of Students spread the news with a "know your rights" campaign. Leaflets tell how to claim, where to go, the nature of the pitfalls (such as unnecessary work), and all about the appeals machinery. The results have been dramatic.

In the 1973 summer vacation about 28,000 claims were made by students. When a count was made on a chosen day in August some 12,000 were found to be collecting regular payments. This is taken to show that some of the 28,000 claimed in one part of the holiday and others at another time, since there is a tendency for students to seek social security at the start of the long summer break, and at the end, but to work or take a real rest in the middle. In 1974 claims were up by 20,000 to 48,000, and collections on counting-day in August rose to 21,000. Last year 120,000 claimed, and the August one-day count registered 64,000.

Figures for the short vacations are even higher. They are not precise: one must base estimates on official practice and the unemployment figures. This is, however, a fairly reliable method, because registering as unemployed is a necessary first step for those who want a welfare payment. If they have worked for some time previously (at least half a year—the rules are complicated) they can usually collect ordinary unemployment benefit, on the basis of their contributions. Otherwise, they show willing by registering as work-seekers—and then wait for the supplementary benefit cheques to arrive.

Increasing

This they are now doing in increasing numbers. It seems that last Easter 92,000 students registered as unemployed. On the assumption that about a tenth of them were "mature students" with a previous work record and thus eligible for benefit, the likelihood is that more than 80,000 were paid supplementary benefit. During



the recent Christmas holiday 127,000 registered and it is assumed that about 114,000 were paid what was once called national assistance, and long before that—poor relief. There is no set of figures that could give the exact cost of all this, but a little multiplication produces a total annual cost of around £15m. This is at any rate the kind of figure the Government is working on.

It is both a very large sum, looked at one way, and a very small one, set against total Government expenditure. But £15m. could help people much worse off than students (by being spent on a higher heating allowance for the old, for example). Paying it out on present terms is both politically unpopular and destructive of the morale of the social security staff, many of whom are very angry about it. Of course some students really are in need. Some are married, with children. About a third of all students apparently receive no help at all from home. At a time of rising unemployment the prescription "find work" is often easier said than done. For all the temptation to join the general baying against higher education, it has to be said that students are still part of our society, and a potentially most useful part at that. They are entitled to a fair appraisal of their situation.

The above paragraph is deliberately disjointed; it represents several of the many conflicting arguments that have taken place inside the Government while an inter-departmental working party has been trying to produce an agreed solution. A background refrain, now at its loudest, is "and they mess up the unemployment figures."

Three choices

Three main choices seem to be available to the working party, and the Government. They could decide to let paying-out officials so interpret the law that students would find it much harder to use the system. This is of doubtful legality, and even more doubtful morality. I think—hope—that it has been ruled out. A cleaner approach would be a change in the law, with a clause saying that people expecting to return to full-time study at the end of a vacation were in future to be excluded from supplementary benefits. This would breach the sacred principle of universality and it would mean finding Parliamentary time for something that many Labour MPs would dislike on principle. I would not rule it out, but it appears that several in the Government have.

Thus it seems that the politicians' favourite choice is an administrative concoction. They start by making a distinction between the short holidays at Easter and Christmas, and the long summer break. It is in the short holidays, we will be told, that registering for unemployment when you know there cannot be temporary work is an abuse of the supplementary benefit system. This could not happen if the grant paid to students was greater than the social security scale rate. And so the way out is to re-define the grant so that the "vacation element" is heavily bunched in the short holidays, thus cancelling out most claims to benefit. This would leave the long holiday even more wide open, with a smaller "vacation element" deduction — but that could be tidied up by instructing officers to make sure that students tried every possible means of finding jobs. This could reduce the number fairly quickly, unless unemployment rises a great deal further, because there are still odd, if not necessarily pleasant, jobs about.

Such a package would best be introduced at a time when it could be sweetened by a general rise in grants. This is the view of most of the "user departments" on the internal committee — Education, Employment and Social Security. It is not the view of the Treasury, which wants to keep any increase in student grant this year to within the limits of incomes policy and well below the ceiling if possible. There may be a Government announcement soon, but the signals are that the argument is continuing, with only the prospect of the April holiday to act as a spur.

These detailed bickerings aside, the broader question remains. My own feeling is that Chairman Mao has a great deal to teach us about how to handle students. I have no doubt that they would all be better off for a spell of manual labour during their university years; failing that a financial system that encouraged if not obliged them to seek whatever work was available (including sweeping the streets, or washing dishes, or wrapping parcels) could only be beneficial.

Incentive

The present grant system does not work: if it did students would not need to claim supplementary benefits. Some do suffer real hardship on inadequate grants. A better system would be one based on loans, in which higher amounts would be available, so that students could live decently. Best of all would be a concentrated effort to spread the ethos of "work your way through college" in this country. Loans could be an incentive: paying back early could be made financially attractive. Direct assistance in job-finding during the summer could be increased, if the employment officials were so instructed. And, possibly most powerful of all, the university teachers and the students themselves should be persuaded that "working your way through" is the best way, including odd jobs in term-time where possible. I know that higher education is "for society"—so that we may all benefit from the acquired skills and accrued wisdom—but it is above all for the individual. The individual should pay.

Letters to the Editor

...eering ...s

...resident, ...tion of Structural

... only too sadly made ... letter (February 3) ... Gill, of the Amalga... ...ion of Engineering ...at we in the Council ...ring Institutions were ... when we recom... ...at professional en... ...uld join a union. It ... additionally unwise ...icular unions were ... for approval or dis... point that some of the time.

... box, however, is now ... see from Mr. Gill's ...—with a new catch... ...tial of some 200,000 ... of attractions was expected.

...ed a pity that the ...ttern of our society ...essure on its pro... ...embers to have to ...ber in action and ...ups (as such unions ... to try to maintain living standards as with those less ... supported by strong ...se pressures, due to ...t circumstances of ...rs of the various ...naking up the CEI, ...t that some CEI ...e more eager for ...ership than others. ... are, equally, in... ...o are concerned that ... of a union, especi... ...iliated to the TUC, ... their own political ...t is, of course, true ...ould legally opt out ... political levy but, ... membership of a ...n, with or without ...t. stood for policies ... anathema to them, ...ry hard for them to ...nd, in this so-called ...age, hardly the hat ... to hang a man's

...sal for some kind of ...lability has only ...se neither CEI, nor ... institutions, can ...sonal services con... ...and employment by ...e fact that they are ...r Royal Charter. ...ms no reason, how... ...hese services could ...ied by the U.K. Asso... ...ofessional Engineers, ...mpletely new union, ... by one affiliated to ...ter all, other profes... ...iations, such as the ...erate successfully ...out TUC backing.

... important thing to ...er, whether we have ... engineers spread ...ber of unions or in ... to their needs (in... ...ptance of their pro... ...les), is that it will ... the destruction of ...ich we have had so ...les.

... remember that the ... CEI are now contri... ...ly to our export ...ularly in the Middle ...ny fall-back in per... ...our professional ser... ... not endear us to ...needed clients.

...lgrave Street,

...toring ...gements

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...cent reports by De... ...' Trade inspectors ...strated that non... ...directors are in... ... prevent or correct managerial deficiencies (or delinquencies). I suggest that the requisite preventative or corrective must be sought in another direction.

The contribution of non-executive directors is of necessity confined almost exclusively to attendance at Board or committee meetings, with or without preliminary scrutiny of documents. Inevitably they lack the time and facilities (and often the capacity) to analyse and judge the quality of managerial performance —and— decision-making. The same would be true of any variation on the Boardroom theme, whether in the form of two-tier Boards or "worker participation."

The solution, surely, lies in the expansion of the audit function. For a start, should it not be obligatory for all listed companies with trustee status to secure the prior approval of an independent management auditor (who might, but need not be, associated with the accounting auditors, and should be appointed by the shareholders) before incurring non-revenue expenditure in excess of a specified percentage of the latest audited pre-tax profits?

The delay entailed by seeking such approval might lead to some missed opportunities; but it would also protect investors from losses occasioned by *folies de grandeur*, or worse.

Ralph Instone.
13, Old Square,
Lincoln's Inn, W.C.2.

Uninformed nation

From Mr. R. Harris.

Sir,—Mr. J. H. Bescoby and Mr. J. D. Hollis (February 5) both draw attention to the general economic ignorance prevailing in this country. I am inclined to share Mr. Hollis's scepticism as to the value of including economics in the general school curriculum, at least for those who leave school at 16. Mr. Bescoby, on the other hand, draws attention to the "ignorance and lack of interest in such matters even among those who, in other spheres, are among the most sophisticated," and here, I feel, something could and should be done.

It seems both a great and an unnecessary pity that it should be possible to obtain an honours degree in either arts or science without learning any economics. It is perhaps an even greater pity that the minority of students that does study economics is taught it largely as a series of academic exercises in geometry. This makes economic theory virtually incomprehensible to those with no aptitude for geometry, and it is often forgotten that even when a student has a marked bent for figures and enough logical capacity to do algebra, he often lacks the ability to carry a diagram in his head which is necessary to do geometry.

I would suggest that a more profitable approach to economics would be through economic history and accountancy. The economic history of the last two hundred years is essentially the story of how technology has changed the physical and social environment, and it is impossible to understand the present day world without knowing something about this. The main purpose of studying accountancy is to make the student understand the nature and necessity of profits, without which there can be no investment, but it is also probably the best way of approaching economic theory.

After all the Theory of Marginal Utility, which is the most important element in elementary economic theory, is essentially an accountant's concept. It does not tell us how business men really behave, but it tells us how they would behave if they were solely concerned with maximising profit. This is worth knowing even though in the real world businessmen, like trade union activists are as often moved by vanity and the lust for power as by the desire to make money.

The present shortage of good quality science and technology students means that it is hardly practical to insist on them studying economics before they enter the University, but wherever possible they could be encouraged to study economic history as a means of acquiring both general knowledge and general literacy, since it can give valuable practice in essay writing and précising. With arts students the matter is easier, because there is no shortage of well qualified applicants for the University places available, and there is no real need for the present degree of specialisation at "A" level.

All applicants could reasonably be required to take a minimum of five subjects, including economic history and either pure mathematics or accountancy, to a standard half way between the present "O" and "A" levels.

Richard Harris.
Flat 8,
119, Haverstock Hill, N.W.3.

Cheap finance for exporters

From Mr. J. Tennent.

Sir,—In view of the fundamental need of this country to maximise its exports, it is lamentable that the Government does so little to bring to the attention of exporters and would-be exporters, especially the smaller companies, the extremely beneficial rates of Loan Finance which are available.

The ECGD, that somewhat unwieldy sized organisation which freely distributes its stereotype replies, is generally only able, and that only in conjunction with a Clearing Bank, to be instrumental in having Finance advanced at rates between ½ and 1 per cent. above Base Rate.

Few companies, it would seem, have the "know how" to raise Finance on their export business at rates which have been as low as 5 per cent. *BELOW* Base Rate, and are currently around 7 per cent. These methods, which the Bank of England has indicated are entirely in the national interest, are, it appears, never advertised or otherwise brought to would-be exporters' notice. It is not hard to see why the Clearing Banks do not broadcast such competitively priced sources to their own customers.

J. M. Tennent.
Merlin Gables,
4, Brendon Close,
Esher, Surrey.

Small firms and the CBI

From The Managing Director P. Ormiston and Sons

Sir,—Your recent correspondence on small firms has been most interesting, but I think that T. R. S. Lyon, in his letter (February 2) is being less than fair as I only received my copy of the Plowden Report on the Confederation of British Industry on the same day as his letter was published. My small family business has been a member of the CBI since it started, having formerly been members of the free enterprise orientated National Association of British Manufacturers. I am also a member of the CBI West London Area Committee, so over the 10 years 1965-1975 I have been able to assess the ability of the CBI to cater for the small firm as well as the big boys. I must admit that I am bitterly disappointed and the fears I expressed prior to the amalgamation in 1965 have been more than fulfilled.

In the Plowden document is this amazing sentence: "We do not however, consider that the fact of having publicly owned businesses in membership need conflict with the CBI's attitude to nationalisation, or that it need militate against the vigour and strength of the CBI's endeavours to protect and promote the interests of the private sector"! We acknowledge that a very large slice of income is derived from the public sector, but in my opinion, the CBI has come to the parting of the ways. It cannot run with the hare and hunt with the hounds any longer. It is precluded from openly supporting free enterprise and yet this is the one platform from which all the hopes and aspirations of small businesses and the self-employed spring.

John Methven has stated that he is whole-heartedly in favour of keeping the nationalised industries as members, so either the Small Firms Council is given full autonomy to guide its destinies without Big Brother peering over its shoulder, or the CBI's representation of the small independent business will go by default.

J. Ormiston.
Broughton Road, W.13.

A Parliament for Europe

From Mr. A. Cornish

Sir,—How extraordinary it was to see Mr. David Watt (February 6) appear to accept with unconcern a European Parliament of the type which would be returned under the "first past the post" system. The gross distortions which this would produce will never, fortunately, be put into effect, but I suppose they serve yet again to point up the outrage of our present electoral charade.

As Mr. Watt details, under any of three alternative systems of proportional representation, the Liberal Party would secure about 13 seats out of 67. Under the distortion of "first past the post" they would win none, leading to the non-representation of at least 20 per cent. of the U.K. population. For such elections, however, the British Government will have no choice of the system to be employed, and so will be unable to perpetuate such injustices:

Article 138 of the Treaty of Rome says "The Assembly shall draw up proposals for elections by direct universal suffrage *in accordance with a uniform procedure in all member States.*" Since we are the only member State to adhere to the "first past the post" system for our domestic politics, it is *we* who will have to move into line with our fellow Community members, if this requirement is to be met. Therefore I firmly believe that at last we are within two-three years of proportional representation in British politics.

Needless to say, if the British Government chooses to ignore this requirement, and holds elections under any procedure different from that adopted in the remaining member States, then the validity of those elections, and the credentials and rights of any individuals so elected, would be disputed most forcibly through all appropriate Community legal avenues. Certainly any members so elected must never expect to take their seats.

Alan Cornish.
Afco Associates,
21, Tennyson Avenue, E.11.

To-day's Events

GENERAL

EEC Foreign Ministers end two-day meeting, Brussels.

European Central Bankers end two-day meeting, Basle.

Mrs. Barbara Castle, Social Services Secretary, is guest speaker at Financial Times "Pensions in 1976" conference lunch, Royal Lancaster Hotel, W.2.

Mrs. Shirley Williams, Prices Secretary, speaks at Electrical Contractors' Association dinner, Grosvenor House, W.1.

Mr. Jeremy Thorpe, Liberal Party leader, at Liberal Night dinner, Press Club, E.C.4.

Mr. Sidney L. Jones, Assistant Secretary of Treasury for U.S. Economic Affairs, speaks on "The American Economy in 1976" at discussion meeting chaired by Sir Brian Hopkin, Chief Economic Adviser to HM Treasury, American Embassy, W.1.

Educational Institute of Scotland deputation to Scottish MPs on country's educational problems, House of Commons.

Sir Lindsay Ring, Lord Mayor of London, attends Council of Engineering Institutions banquet to mark 10th anniversary of its Royal Charter, Guildhall, E.C.2.

Mr. Kenneth Fleet, City editor, Daily Telegraph, speaks on "Money and Morality," St. Lawrence Jewry next Guildhall, E.C.2, 1.15 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Dock Work Regulation Bill, second reading.

House of Lords: Damages (Scotland) Bill and Land Drainage (Amendment) Bill, report stage. Rating (Caravan Sites) Bill, third reading. Trade Union and Labour Relations (Amendment) Bill, second reading and consideration of Commons amendments.

COMPANY RESULTS

De La Rue (third quarter). Imperial Group (full year).

COMPANY MEETINGS

Archemides Investment Trust, 64, Coleman Street, E.C., 12.30.
Duple International, Lytham, Lancs., 12.
Guinness (Arthur), Park Royal, N.W., 2.45.
Tomkinsons, Kidderminster, 12.

OPERA

Royal Opera production of Pagliacci, Covent Garden, W.C.2, 7.30 p.m.

MUSIC

Allegri String Quartet play works by Haydn, Queen Elizabeth Hall, S.E.1, 7.45 p.m.

SPORT

Tennis: European Nations Cup, Britain v. France, Edinburgh.

COMPANY NEWS + COMMENT

Manchester Ship down again second half

OPERATING revenue of The Manchester Ship Canal Co. improved from £15.81m. to £16.38m. but pre-tax profit fell from £3.55m. to £1.81m. during the year 1975, after being down from £2.01m. to £0.75m. in the first half.

Stated earnings are down from 41.8p to 30.9p per £1 share at year-end and a final dividend up from 5.871 to 6.668p net lifts the total from 11.871p to 12.668p, absorbing £476,115 (£446,161).

	1973 £	1974 £
Operating revenue	16,383,340	15,812,475
Operating profit	1,168,889	2,674,343
Loan and inv. income	1,346,944	1,251,493
Surplus on land sales	160,154	180,288
Profit sale of investa.	2,327	13,464
Except. credits	—	192,450
Interest charges, etc.	772,094	730,907
Pre-tax profit	1,806,720	3,552,131
Tax	566,750	1,902,593
Net profit	1,239,970	1,649,538
Pref. dividends	139,999	139,999
Ordinary	476,115	446,161
Retained	623,856	1,063,373
General reserve	8,569,892	7,946,936

● comment

In the absence of strikes and with the benefit of charge increases, Manchester Ship Canal's operating revenue staged a recovery of nearly a tenth in the second half, to finish 3½ per cent. ahead on the year. However, the effects on profitability of rising labour costs, and a drop in traffic volume of 14.7 per cent., is clearly reflected in a near halving of pre-tax profits. A sharply lower tax charge, relating to both capital allowances and a prior year revenue adjustment, has cut the shortfall at the attributable level to 25 per cent., where the p/e at 170p is 5.3; cover for a yield of 11.9 per cent. would fall from 2.4 times to 1.7 times on a fully taxed basis. Volume is unlikely to recover until late in the current year and the cash crop for the share price (210p in the last balance sheet) has been weakened as a result of sizeable capital expenditures. A gesture similar to Euroferries bid for Felixstowe is almost inconceivable, and until the terms or scale of the proposals for nationalisation become clearer, the shares, which have been sluggish performers for several months have little to bite on.

More overseas ventures by Century Oils

A LETTER has been sent to holders of Century Oils detailing proposed alterations in the structure of the group.

Chairman Mr. C. H. Mitchell points out that during the past two years the company has expanded its activities and interests into the collection and refining of used oils, the re-cycling of waste oils for use as fuel together with other associated activities.

In addition, a small company has been established in Australia, and other overseas ventures are under consideration.

The changes in the group's structure proposed are as follows:—the present company should become a holding company; the name should be changed to Century Oils Group; and the name of one of the subsidiaries should be changed to Century Oils—this company will carry on the main activity of the group, namely the manufacture and distribution of lubricants, engine coolants, industrial hygiene and other associated products. It is proposed that the other group activities should be carried on by other operating subsidiaries.

An extraordinary meeting will be held at Stoke-on-Trent on March 2.

Advance by A.C.E. Machinery

TAXABLE profit of A. C. E. Machinery (Holdings) expanded from £217,089 to £311,899 during the year to September 30, 1975, after being ahead from £101,000 to £165,000 in the first half.

As expected, dividend for the year is 2.754p net, compared with 2.581p.

Tax charge increased from £134,353 to £169,756 and £99,880 (£58,534) is retained.

● comment

On a 35 per cent. jump in sales to £2.7m. ACE's profits have risen by 44 per cent., which amounts to a full recovery plus an advance of £70,000 over the previous peak in 1972-73. Exports have more than doubled and account for two thirds of the turnover growth, while at home, sales to the construction industry have obviously been dull. Meanwhile, cash balances, boosted by a £0.25m. rights issue last summer, have climbed from £125,000 to £455,000 in the year to last September, and up to around £600,000 currently. So the shares at 75p are backed by nearly 40p per share cash, and the yield is 5.9 per cent.

UNIONAMERICA

Unionamerica Insurance has doubled its capital to £2m.

It was established in 1971 to underwrite international reinsurance in London. It also underwrites non-marine reinsurance in London for the Continental Insurance Company of New York.

Little change at McCleery

PRE-TAX profit, virtually unchanged, at £1.27m. is announced by Belfast-based McCleery L'Amie Group for the year to October 31, 1975.

Earnings per 25p share are shown to have fallen from 5.54p to 5.3p. The dividend total is stepped up from 1.675p to 1.8425p net with a final of 1.08875p.

	1974-75 £000	1973-74 £000
Turnover	14,194	13,367
Trading profit	1,802	1,539
Depreciation	393	346
Interest—net	133	216
Profit before tax	1,266	1,277
Tax	386	394
Net profit	880	883
Prior year adjustment	18	*25
Extra-ord. income†	1	133
Pref. div. & minorities	5	5
Attributable	894	816
Interim dividend	96	94
Final dividend	140	116
Retained	458	606

* Debit. † Less tax.

The directors state that turnover for the first three months of the current year has fallen short of expectations due principally to changes in seasonal demand for agricultural twine and the present world economic climate.

However, there are indications that demand will improve for this product later than normal in the season and that the present shortfall in turnover should be overtaken, they add.

Treasury loan

The prospectus is published to-day in connection with the issue of £600m. of 12¼ per cent. Treasury Loan 1993 at £95.25 per cent.

Interest is payable half-yearly with the first payment of £5.24 per cent. due on July 14, 1976. The loan is to be repaid at par on July 14, 1993. On or after June 10, 1976 the stock may be exchanged into Bonds to Bearer, which will be available in various denominations. Bonds will be free of stamp duty, and the interchange can be made without payment of any fee.

Prospectus, Page 28

Midway rise from Gripperrods

AN IMPROVEMENT in pre-tax profit from £289,188 to £342,101 for the half-year to October 31, 1975 is announced by Gripperrods Holdings, makers of carpet installation grippers and edging devices. For the full year 1974-75 profit was £653,151.

The interim dividend is 2.2p gross, compared with 2p. Payment has been waived on 1.07m. shares. Last year's total was 3.212p.

	Six months 1975 £	1974 £
Turnover	2,319,291	1,567,259
Pre-tax profit	342,101	289,188
Tax	177,592	150,278
Net profit	164,209	138,910

● comment

Higher unit sales by the carpet accessories division have enabled Gripperods to increase interim pre-tax profits by 18¼ per cent. despite a sharp drop in the engineering subsidiary's contribution. Overall, sales have risen by roughly a quarter during a period in which the group claims to have made no significant price increases. With sales by the carpet industry making little progress during the first half, the Gripperods' improvement appears to reflect its efforts to increase market share, by developing its sales force. In the second six *months the engineering division* should see some benefits from the re-equipment programme started last year, while "Golden Gripper," and "Tackless" sales should receive a further boost from a revival in carpet sales which has just got under way. A full year profit of £740,000 pre-tax therefore looks in prospect and this would cover a maximum dividend, yielding 7.4 per cent. at 75p, four times.

F. S. Ratcliffe setback—omits interim

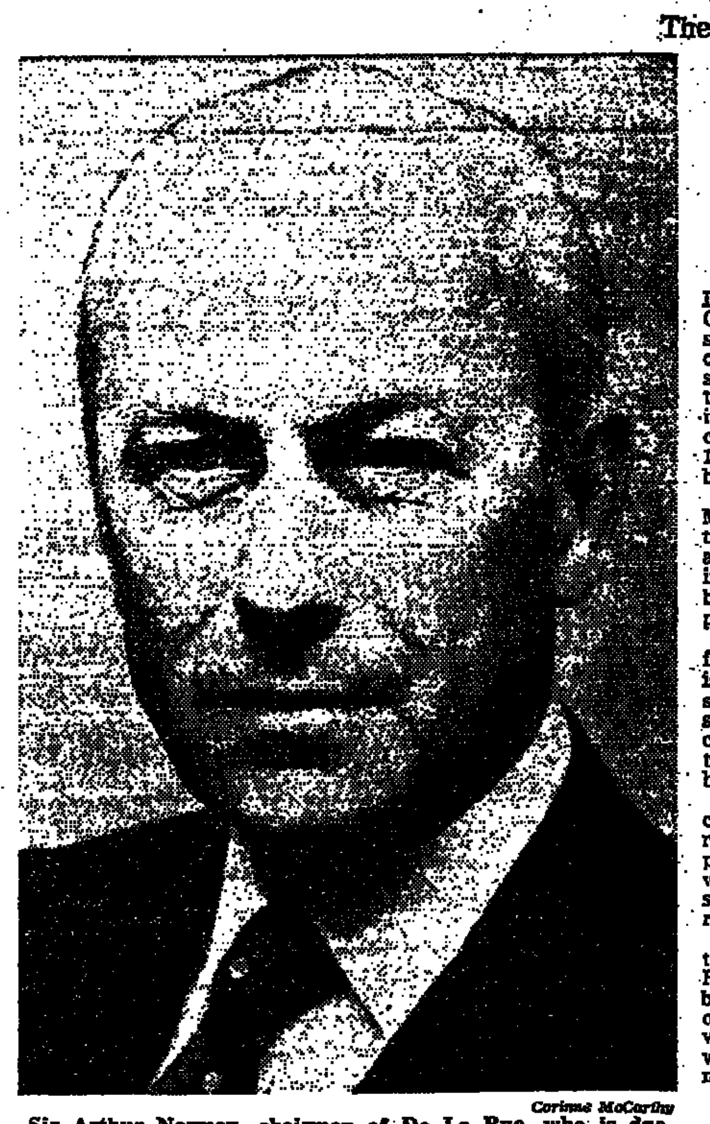
A small rise in sales from £0.68m. to £0.7m. is announced by F. S. Ratcliffe Industries for the half year to October 31, 1975 but pre-tax profit fell sharply from £110,968 to £35,928. For the full year to April 30, 1975 profit was £185,945.

There is no interim dividend, against 0.98p net per 25p share last time. Last year's final was 3.243p.

In his annual statement in September last year, Mr. F. S. Ratcliffe, chairman, reported that the forward order book was in a healthy state and production was satisfactory. He looked forward to the future "with reasonable confidence."

The company makes precision springs and has interests in painting contracting.

	Half-year 1975 £	1974 £	Year 1974-75 £
Sales	698,143	686,511	1,381,231
Pre-tax profit	35,928	110,968	185,945
Tax	19,000	58,500	100,362
Net profit	16,928	52,468	85,583



Corinne McCarthy

Sir Arthur Norman, chairman of De La Rue, who is due to-day to announce third-quarter results.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A.C.E. Machinery	2.75	April 6	2.58	2.75	2.58
Gripperrods int.	2.2(a)	April 2	2	—	4.88
McCleery L'Amie	1.09	May 5	0.92	1.84	1.68
Manchester Ship	6.67	April 9	5.87	12.67	11.87
Olympia (Redacre)	1.2	April 13	1.4	1.2	1.4
F. S. Ratcliffe int.	Nil	—	0.98	—	4.22
Scottish Western Inv.	1.3	—	1.5	1.8	2(b)
Scottish Western Inv. int.	0.5	—	0.5	—	1.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout. (b) Included exceptional 0.3p.

Hallam Sleigh & Cheston

Makers of body hardware for vehicles, Hallam, Sleigh and Cheston reports profits of £29,378 for the 13 months ended September 30, 1975, compared with £29,385 for the previous year. The result was struck before charging compensation of £45,000 to a director for loss of office, terminal trading losses of £38,831 and crediting £35,169 being surplus on disposal of fixed assets.

The result—struck after tax of £7,400 (nil)—was achieved from a turnover of £3.37m. (£2.7m.). Earnings per share are stated at 0.64p (0.7p). There is again no Ordinary dividend—the last payment was 0.28p net in respect of *the year ended September 30,* 1973.

FOREIGN AND COLONIAL

Foreign and Colonial Investment Trust announces that the existing loan of U.S.$5m. from Morgan Guaranty Trust Co. of New York was repaid on February 5.

A new five-year multi-currency loan of $10m. has been arranged with Morgan Guaranty as from that date.

LILLEY GROUP

In an internal re-organisation of the Lilley group, the name of one of the subsidiaries, A. Waddington and Son, has been changed to Lilley-Waddington.

IN BRIEF

CAMBRIDGE WATER — Available revenue for year 1975 was £0.19m. (£0.14m.). Dividends £121,906 (£89,598) at maximum rate. Capital works not completed amount to £0.29m. In addition £110,000 expenditure authorised. Meeting, Cambridge, February 27, 4.30 p.m.

CHEPSTOW RACECOURSE—No interim dividend (same). Profit six months ended June 30, 1975 was £7,261 (£11,038) before tax £3,540 (£5,678).

KINTA KELLAS RUBBER ESTATES—For nine months to end-December, 1975. Rubber crop 2,058,423 kg. (2,072,980 kg.). Sales advised to date 1,640,911 kg. (1,346,251 kg.). Net average sale price 26.52p per kg. (29.61). Estimated tin tribute £58,000 (£88,430). Interim dividend 0.453p (0.45225p) net, already announced.

MALAYSIA RUBBER COMPANY—As known, interim dividend 0.1787p net per 10p share absorbing £3,217 (0.1675p absorbing £3,015). Net revenue for nine months to December 31, 1975, £7,323 (£14,779 and £37,811 for last full year). Interim dividend from associated company, gross £7,425 (£6,730 and nil). Pre-tax revenue £14,748 (£21,529 and £37,911). Tax £6,038 (£7,206 and £12,994). Earnings per 10p share 0.48 (0.80p and 1.33p). Valuation of investments and net current assets £412,947 (£384,444 and £388,383). Net asset value per 10p share 22.94p (21.36p and 21.57p). Figures exclude the results of Kinta Kellas Rubber Estates and Dormal Investments for the periods concerned except that dividends declared by Kinta Kellas Rubber Estates to February 5, 1976, have been included. Members were advised on October 30, 1975, of further property transactions undertaken to that date. The company's half-share of the estimated loss of Dormal Investments for the year ending March 31, 1976, is £7,000 (£16,119). This estimated loss is based on present rentals being received but would be reduced if current negotiations for further lettings are successful.

MALIT SECURITIES—Final 0.4p making 0.75p (0.7625p) year ended October 31, 1975. Group income £61,870 (£35,129). Net profit £20,448 (£10,917), after tax nil (£635). Earnings per 50p share 1.38p (1.03p).

MANORDALE GROUP—Sales half year to September 30, 1975, £1,255,000 (£826,000). Pre-tax profit £46,430 (£35,103). Tax £24,144 (£18,254). Negotiations in respect of compensation claim for company's property in Indonesia have been finalised at a sum in excess of £19,000.

M SEAGER

ZANDPAN GOLD MINING COMPANY—For half-year ended December 31, 1975. Turnover R1.89m. (R1.91m.). Expenditure R37,000 (R38,000). Profit attributable to holders R1.85m. (R1.87m.). Earnings per R1 share 14.19 cents (14.36 cents). No taxation payable. Interim dividend 14.25 cents per share (same) already paid. Market value of company's holding of 2.2m. shares in Hartebeestfontein Gold Mining Company was R46.2m. at December 31, 1975 (R70.5m.) compared with a book value of R20.9m. (R20.9m.). At December 31, 1975 market value of the company's other listed shares was R271,000 (R148,000) and book value was R330,000 (R130,000).

Caledonian Trust ahead half-time

REVENUE, before tax, of Caledonian Trust Co. improved slightly from £0.43m. to £0.46m. in the six months to end 1975—for the full year to June 30, 1975 the figure was £0.83m.

First half earnings per 25p share are shown to be 1.4p, compared with 1.48p. As already announced the interim dividend is being held at 0.5p net.

The directors expect to recommend a same-again final of 0.8p.

	Six months 1975 £	1974 £
Revenue before tax	459,837	432,219
Tax	196,759	175,183
Net revenue	263,078	257,036
Pref. div.	18,191	18,191
Interim div.	154,006	153,372

Net assets at December 31, 1975 were £28.53m., compared with £28.69m. at June 30, 1975, including £5.4m. (£6.31m.) full dollar premium. Net assets value per share was 74.5p (75.2p).

Cosalt offer to small holders

BY MARGARET REID

IN AN unusual move, Cosalt, the Grimsby fishing equipment, storage and financial concern is offering small shareholders a scheme which would enable them to sell their holdings without bearing the disposal costs, other than capital gains tax. Up to some 100,000 of the 4.3m. shares could be involved.

The object, says the chairman, Mr. John Ross, is to save administrative costs of distributing minor amounts of dividend. Some holdings are extremely small, dating back to the days when the company was a co-operative.

The plan is that shares offered for sale under the scheme, which is to remain open up to March 31, should be grouped together for sale after that date through the company's brokers, the proceeds then being remitted to the holders.

Mr. Ross, who says that it now costs £5 a year to service each name on the share register, explains that considerable savings would result if the number of small shareholders' accounts were reduced.

There are considerable directors' shareholdings in Cosalt. Mr. Ross remarked: "We're not buyers. This is not a secret method of increasing our holding. If we wanted to buy more shares, we would do it through the open market."

See Lex

BOARD MEET

The following companies dates of Board meetings Exchange. Such meetings held for the purpose of dividends. Official indications available whether dividends are interims or finals divisions shown below are on last year's time-table.

TO-DAY

Interims:—Bristol Evening Investments, Stroud Riley

Finals:—Arragon Property Trust, General Consolidated Trust, Hongkong and Shanghai ing, Imperial Group, Lev and General Trust, Temple ment Trust.

FUTURE DATE

Interims:—
Brotherhood (Peter)
Elbief
Eleco
Estates Property Investment
Orme Developments
Ramar Textiles
Westminster and Country Properties
Wood (S. W.)

Finals:—
Bemrose Corporation
Bridgewater Estates
Cardinal Investment Trust
Colonial Securities Trust
Copenhagen Handelsbank
Debenture Corporation
Delyn
Edinburgh and Dundee I ment
Kleeman Industrial
Macpherson (Donald)
Peninsular and Oriental S Navigation
Scottish Agricultural Indus

Scottish Western downturn

REVENUE OF Scottish Western Investment Trust declined to £1,594,913 in the year 1975 compared with £1,693,231, subject to tax of £679,208 (£677,604). Earnings per share are stated at 1.92p (2.24p) or 1.65p (1.85p) assuming full conversion of the "B" shares.

A final dividend of 1.3p is proposed making a total of 1.8p compared with 2p which included an exceptional 0.3p. An interim of 0.5p is also announced in respect of the current year.

The "B" Ordinary holders will receive a scrip issue in "B" shares equivalent in asset value to the final and the current year's interim, but excluding any tax credit thereon.

	1975 £	1974 £
Revenue before tax	1,594,913	1,693,231
Taxation	679,208	677,604
Net revenue	915,705	1,015,627
Preference dividends	46,258	46,258
Attrib. to Ordinary	869,447	969,369
Dividends	805,634	880,939
Forward	1,704,908	1,704,908

Net assets £48,844,593 (£30,920,843). Asset value per Ordinary and "B" Ordinary share 90.0p (56.1p).

Olympia (Redacre)

Taxable profit of corduroy manufacturers, dyers and finishers Olympia (Redacre) contracted from £148,332 to £102,983 during 1975, subject to tax of £55,192, compared with £77,808. Turnover was £1,754,935, compared with £1,775,257.

Stated earnings per 20p share are down from 3.53p to 2.39p and the dividend is 1.2p 1.4p.

46 compa wound up

Orders for the winding-up of 46 com made by Mr. Justice in the High Court ye

They were: Amic Metal Products Compa hall), Charleon, Light (Wembley), Saw Secu Horton and Co. (Buil Netinda Development

Coladean, Columbi Kenneth Willson (Builders), Brookes (Cheshire), Hulton Es Kew Transport (A Reflex (Construction),

Wellarm Finance, Instrument Case Caradate Transport Computer Appointme Teleki Brown Associa Construction, M.J.C. Company and E.A.C. L. K. Simpson Services), Michem (D Moraybell Securities, E (Transport), Allroad H Abidsouth.

Derry Court (London Restaurants, Posture Adrinfame Builders Beresford (Electrica tors), 20th Century Guildell.

Burstall Grange (M Moister's, Maple Leaf Sea Horse Hauliers, and Bastat Electrical

Legion Contracts, R Foods (London), P perties, Complex Fabr Marisol Park Holiday

هكذا اصل الأصل

Progress seen at SGB

FAINT signs of an element ism entering into Government olicy, and given a reasonnvironment in which to SGB Group will continue e progress," Sir Edgar hairman, tells members in ual statement.

te companies, he says, rved the country well for time and have provided nent with ever-increasing y means of ever-increasation. It is difficult en- r them to provide these o sorely needed to cover and expansion, "but it en greater concern when these funds being mis- l and wasted in non-pro- activities," he adds.

own, group pre-tax profit year ended September 27, clined from £6.45m. to There was a further ntial" improvement in profitability, represent- per cent. of profit and g to Sir Edgar, "this long way to offset the f the real downturn in tion activity in the U.K coupled with govern- price controls, prevented increases in U.K. prices inflation."

73 per cent. of profit m the U.K. while Europe d for 15.5 per cent., per cent. and America ent.

nds for the year are up 07p to 4.276p net, the n allowed.

e of the good reception As You Earn Scheme with employees, the are recommending that r 200,000 shares, about 1 per cent. of the Ordinary, be made available to the Scheme.

Reviewing operations at Scaffolding (Great Britain), Sir Edgar says that the scaffolding contracts division held up well and currently has a reasonable order book.

At Contractors' Services Group a strong base is being established for future progress when the general climate for construction improves.

Margins were under pressure in Sika Contracts but the company has a "healthy" order book with which to start the new year.

At Hire Service Shops 1976 will be a year of consolidation with little overall increase in the number of active trading branches.

Overseas, S.S.H., the Dutch company, had an excellent year, although there are now signs that the construction of giant tankers is being reduced substantially. However, improved results from the German operation are now beginning to show through and overall the European group "should continue to do well in 1976."

At SGB Export joint ventures have been arranged with local interests in Iran, Saudi Arabia and the United Arab Emirates. A substantial investment has been made in stocks to be held locally for both hire and sale and 1976 should see the first significant returns from these new ventures, he adds.

Contracts signed for group capital expenditure during 1974-1975 amounted to £0.44m. (£0.49m.) while capital expenditure authorised but not contracted for was £0.71m. (£0.27m.).

Meeting, Waldorf Hotel, W.C., March 17, 11.30 a.m.

Chairman's statement, Page 26

CENT ISSUES

EQUITIES

—	540	490	Ang.Am.Coal Corp. 50c	490	......	MQ30c 2.3	4.0 —
—	$12¾	$12¼	Brazil Fund S.A.	$12¼	......	—	— —
—	243	£23⅝	Hughes Tool $1	£39⅝	—2⅞	Q40c	— 0.5 —

FIXED INTEREST STOCKS

Latest Renunc. Date	1975/6 High	Low	Stock	Closing Price	+ or —
7/4	100	96	Arbuthnot Lath. 8% Conv. Uns. 1988	100	......
19/3	134	126	Bowring (C.T.) 10% Conv. Uns. Loan 1987	131	......
—	99½	99	British Gas Corporation Ltd. Notes 1981	$99	......
23/1	104½	98½	Essex Water 9% Red. Pref. 1981	102	......
—	£12⅛	325p	Jardine Math. 7½% Conv. Uns. 1990	£11	+¼
—	99½	99½	Midland Bk. FloatCap. Notes 1983	$99½	......
—	100	99¾	Norway 9½% $ Notes 1981	100	......
16/2	107	92	Pentos 15% Conv. Uns. 1986	107	+1
—	99½	99½	Royal Tst. Mort. Corp. 9½ Deb. 1981	$99½	......
—	99½	99½	Seagram 9% Notes 1983	$99½	......
17/11	50¼p	46p	Singlo 10% Cum. Conv. Pref.	48½	......
20/2	129	110	Tenneco 10% Sterling $ Conv. 91-96	125	—1½

"RIGHTS" OFFERS

Latest Renunc. Dates †	‡	1975/6 High	Low	Stock	Closing Price p***	+ or —
2/2	1/3	29	25½	Amber Day	29	......
4/2	26/3	76	68½	Armitage Shanks	68½	—½
13/2	12/3	15	10½	Baker Perkins	13pm	—2
11/12	3/3	146	94	Berisford (S & W)	145	+1
6/2	5/3	93	86	Brentnall Beard	87	—1
21/1	20/2	44	36	Brooke Bond	41	—1
17/2	24/3	2	¾	Brown Boveri Kent	¾pm	......
—	—	22	18	Carpet Intnl	18pm	......
8/1	13/2	144	115	Eagle Star	139	—5
19/3	20/2	76½	64½	Fairey	76	—½
9/1	20/2	80	76	Green's Economisers	80	......
26/1	12/3	70	60½	Lake & Elliot	64	—1
13/2	16/3	10	5	Liner Concrete Machinery	5pm	......
30/1	15/2	302	270	Nat. Bank of Aust.	285	—5
23/2	19/3	36	26	Ocean Transport	25pm	—4½
9/1	13/2	80	64½	Plessey	77	—1
24/2	25/5	27	24	Stenhouse Hldgs.	24½pm	—½
25/2	24/3	12	10	Strong & Fisher	11pm	—1
6/2	2/4	14	12½	Tomkins (F.H.)	12½	......
—	—	33	28	Wolseley-Hughes	28pm	......

...tion date usually last day for dealing free of stamp duty. a Placing ...lic. b Figures based on prospectus estimate. d Dividend rate paid or ...part capital, cover based on dividend on full capital. p*** Pence ...wise indicated. u Forecast dividend: cover based on previous year's ‡ Figures based on prospectus or other official estimate for 1976. ...sumed. ‡ Cover allows for conversion of shares not now ranking ...s or ranking only for restricted dividends. ** Issued by tender. ...holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. † Rights ...apitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in ...ith reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to ...ference holders. ‡ Allotment letters (or fully-paid). • Provisional or ...allotment letters. ≠ With warrants.

MINING NEWS

Amax turns in $134m. and hopes for recovery in 1976

BY KENNETH MARSTON, MINING EDITOR

FOURTH quarter net earnings of $32.7m. (£16.1m.) bring the 1975 total of the U.S. Amax to a creditable $134.4m. (£66.2m.), equal to $4.43 (218p) per share on 28.4m. shares. In 1974 Amax earned $144.3m., or $5.47 per share on 24.7m. shares. Last year's sales totalled $962m. compared with $1.17bn. in 1974.

The fall in 1975 earnings has stemmed mainly from low copper prices and decreased shipments of most base-metal products, it is stated. Dividend income was also down while interest charges rose and there was a continued loss on start-up of nickel operations.

However, Amax with its wide range of metal and mineral products has emerged quite well from a difficult year with a modest fall of 7 per cent. in earnings. And the chairman, Mr. Ian MacGregor, is hopeful for 1976.

He has pointed out that metal company earnings, which tend to lag in economic changes, should benefit from the strengthening recovery in 1976 with the result that after a slow start in the first quarter there will be an improvement as 1976 progresses. London's Selection Trust has a stake of 8.9 per cent. in Amax.

THIESS-PEABODY PROFIT UP 63%

A net profit for 1975 of $14.32m. (£8.87m.), compared with $9.05m. for the previous year, is reported by Australia's Thiess-Peabody-Mitsui Coal after tax of $9.16m. (£6.34m.).

Turnover increased to $66.2m. (£41.04m.) from $57.9m. in 1974, principally as a result of higher selling prices as coal sales were lower at 2.19m. tonnes, against 3.38m. tonnes. Dividends paid for the year totalled $15m. ($6.5m.).

The company is owned 58 per cent. by America's Peabody Coal, 22 per cent. by Australia's Thiess Holdings and 20 per cent. by Japan's Mitsui. Thiess were 216p in London yesterday.

ROBE RIVER SUSPENDED

The Sydney Stock Exchange yesterday suspended dealings in the shares of Robe River pending clarification of the price that may be paid for Mr. Alan Bond's holding of 48.5 per cent. in the company.

The Robe River Company has a 35 per cent. stake in the $300m. (£186m.) iron ore venture of the same name. Mining entrepreneur Lang Hancock and his family interests have agreed in principle to purchase the Bond holding in the Robe River Company although no price has yet been disclosed.

A statement on the negotiations was expected last night but a spokesman for the Bond Corporation said yesterday that they were still in progress and that no announcement would be made at present. Robe River closed at $1 per share in Sydney and at 100p in London on Friday.

AYER HITAM IS CATCHING UP

Tin concentrate production of Ayer Hitam took a further leap last month to 517 tonnes. Although the total for the past seven months of 1,775 tonnes still lags behind that of the same period of the previous financial year, the rising monthly rate underlines the chairman's forecast that the total for the year to next June should exceed that of 1974-75. What remains to be seen, however, is how the outcome will be affected by International Tin Agreement export controls.

Production at Tronoh has not been helped by the close-down on January 5 of the Kampar No. 8 dredge which has been placed on care and maintenance. Sungei Besi's output for the past 10 months amounts to 1,590 tonnes against 1,913 tonnes. The latest figures are compared below.

	Jan. Tonnes	Dec. Tonnes	Nov. Tonnes
Ayer Hitam	517	376	214
Sungei Besi	134	148	137
Sungei Way	61	49	41
Tronoh	160	229	223

Gold fall hits Middle Wits

A reflection of the downturn in fortunes of the South African Gold share market comes in the half-year report of Anglo-Vaal's subsidiary of Middle Witwatersrand which discloses that the market value of the latter's listed investments at December 31 had fallen to R48.6m. (£27.5m., or 287p per share) from R77.3m. at end-1974. Unlisted investments had a book value of R7.8m. against R7.2m.

Net profits for the latest half-year have fallen to R2.15m. (£1.22m.), or 22 cents per share, from R2.58m. in the first half of 1974-75. As already announced, the interim for the current year to June 30 has been raised to 15 cents (8.5p) from 14 cents; a total of 42 cents was paid for the 18-month period to last June.

Although Middle Wits draws the major part of its dividend income from gold, it is worth bearing in mind that the company's principal unlisted investments include a 24 per cent. stake in the young Prieska copper mine which is now overcoming its teething troubles.

There is also a 28 per cent. interest held in Atok Platinum, a small operation with expansion potential, while there are interesting exploration interests in the north-western Cape, South West Africa and in the Transvaal. Middle Wits, currently 330p, could pay for their keep in the longer-term.

PACIFIC COPPER UPGRADES CADIA

Drill-proven ore reserves at the Orange, New South Wales, Cadia copper-gold prospect of Australia's Pacific Copper have now risen to 32.1m. tonnes grading about 0.7 per cent. copper, 0.57 grams of gold per tonne and 5.6 grams of silver per tonne.

The company's chairman, Mr. Peter Gibb, says that the additional tonnage established is essentially primary material, "which has previously responded most satisfactorily to flotation extraction and recovery technology, both in respect of copper and precious metals."

Pacific Copper is controlled by Canada's Pacific Copper Mines. A 40 per cent. stake in the Cadia project was acquired in March last year by Oremco, the Australian subsidiary of the Estel NV European steel and allied industries group, along with the task of bringing it to production. Pacific Copper were 15p in London yesterday.

London Tin outputs

The first batch of tin concentrate output for January, those of the London Tin Corporation group, show that the recovery in production at Berjuntai continued last month but output for the past nine months of the current financial year is still lower on balance at 2,845 tonnes compared with 3,311 tonnes in the same period of 1974-75.

Malayan Tin's output which was showing signs of a recovery in December is the lowest for some years, however, and makes a seven-month total of 1,378 tonnes, well down on the 1,914 tonnes of the previous comparable period. Southern Malayan's total, also for seven months, comes out at 1,503 tonnes against 1,347 tonnes.

No figures are given for either Aokam or Tongkah Harbour while that for Southern Kinta is also affected, there being no outputs available from Thailand because of the strikes there.

	Jan. Tonnes	Dec. Tonnes	Nov. Tonnes
Amal. of Nigeria	279	*244	§382
Aokam	‡	161	215
Berjuntai	311	322	264
Kamunting	55	55	61
Kramat	32	38	37
Kuala Kampar	38	23	35
Lower Perak	26	29	32
Malayan	153	219	174
Sthn. Kinta Cons.	‡104	184	209
Sthn. Malayan	220	236	222
Tongkah Harbour	‡	57	33

* Four weeks. § Five weeks. ‡ Does not include Thailand output.

AUSTRALIA GOLD CASUALTIES

The plight of Australia's Gold mining industry, as detailed in this column last week, with mine closures and lay-offs on Kalgoorlie's "Golden Mile" being caused by the retreat in the bullion price from last year's high levels is further underlined by news that two more companies now intend to halt operations.

Hill 50 Gold Mine (not to be confused with Hill 50 Consolidated) is to dismiss its workforce at the Mt. Magnet mine in Western Australia, except for caretaking staff, after failing to secure Federal Government aid to develop the mine to the stage of economic operation.

The company received a State Government loan of $0.3m. (£186,000) last December which enabled it to maintain production until the end of January. Hill 50 says it will retain its leases and plant for the time being so the mine can be re-opened if the economics of gold mining improve sufficiently to allow the company to raise the required capital.

In the year to June 17 last, Hill 50 produced 2,615 ounces of gold compared with 8,563 ounces in the previous year and 23,818 ounces in 1972-73.

The other mine to be closed down is Golden Plateau's Cracow, Central Queensland operation which will be phased out over the next two months. The mine, which has been operating for 43 years, has produced over 590,000 ounces of gold. Output for the year to November 25 last was 6,977 ounces compared with 9,874 in the previous year.

Golden Plateau is 50.2 per cent. owned by Aberfoyle which is in turn 49.4 per cent. held by Canada's Cominco. Hill 50 Gold were 2p and Aberfoyle 20p in London yesterday.

ROUND-UP

A rise in net operating profit to $2.52m. (£1.56m.) for the half year to December 31 from $1.97m. for the same period of a year ago is reported by the Gold Fields group's Australian Associated Consolidated Minerals. The interim dividend is maintained at 12 cents (7.4p). The 1974-75 total was 38 cents, which included a bonus of 8 cents. The directors say that results for the current 12 months should approach those for the previous year.

★ ★ ★

Australia's Vam and Silver Valley Minerals have agreed that the former will mine Silver Valley's antimony leases at Hillgrove, New South Wales, on a royalty basis. On geologists' advice, Vam is also opening up its Garibaldi mine which was last worked in 1903. Vam shares were suspended in 1971 and the company is in the hands of a receiver under a scheme of arrangement which creditors have extended until June, 1977.

★ ★ ★

America's Texasgulf says that its new sulphur mine at Comanche Creek has begun production while output has been suspended at the Spindletop mine, both properties being in Texas.

★ ★ ★

The continuing strike by metal-workers at the Mt. Newman iron ore mine in Western Australia will be resolved by arbitration unless agreement between the company and the unions is reached before to-morrow. The stoppage has resulted in 21 ships being held up at Port Hedland.

BIDS AND DEALS

Redland acquisition

Redland has contracted to purchase for $5.4m. cash the business of Sarasota Engineering Company Inc., an American company, together with its British subsidiary, Sarasota Engineering, both of which manufacture and sell traffic detectors.

Sarasota is stated to be the leading company in the design and manufacture of electronic detectors used in traffic control. Its products are manufactured in both the U.S. and Britain for sale throughout the world. It will form a complementary unit in field of traffic systems to Redland's subsidiary, Prismo Universal.

The purchase price is to be divided evenly between a U.S. dollar payment for the American parent company and a sterling payment for the British subsidiary. Book value of the assets being acquired was $3m. as at the date of the last publicised accounts. Profits before tax for the year ended October 31, 1975, were $1m.

DANISH LINK FOR DONBOX

Dansk Styropack A/S of Glejbjerg, Denmark, has purchased a 53 per cent. interest in Donbox Company of Aberdeen. The Danish company is the largest single producer of EPS (expanded polystyrene) packaging in Europe. Donbox is its first overseas acquisition, although technical expertise has been sold to other countries.

Donbox specialises in the moulding of EPS fishboxes and has plans to introduce new lines for packing other forms of fresh produce such as meat, fruit, vegetables, flowers and dairy products.

OXFORD STADIUM FREEHOLD SOLD

Contracts have been exchanged between Oxford Stadium, a wholly-owned subsidiary of Bristol Stadium, and the City of Oxford Council, for the sale of the freehold of Oxford Stadium, for £235,000 and for completion on or before February 28.

DANA/BROWN BROS.

Acceptances of the offer by Dana Corpn. for half the outstanding Ordinary capital of Brown Brothers not already owned have been received in respect of 20,962,986 shares which represent 63.4 per cent. of the capital for which the offer was made. Approval has been received in respect of a total of 25,356,029 Ordinary (76.7 per cent. of the Ordinary not already owned). Dana's investment in Brown Brothers now amounts to 29,013,125 Ordinary (63.7 per cent.).

The offer has become unconditional and remains open until February 23. An announcement stating the basis of acquisition of Ordinary shares tendered in excess of the 50 per cent. will be made as soon as possible thereafter.

DUBOFF SELLS LONSDALE STAKE

In a transaction worth some £800,000, the 22½ per cent. share stake hitherto held in Lonsdale Universal, the industrial holding company, by Duboff Brothers, the wholly-owned secondary banking subsidiary of the privately-owned Consolidated Finance Holdings, has been sold.

Lonsdale announced yesterday that the holding of 1,318,500 shares held by Duboff and its associates, had been placed among 12 institutional shareholders. The price is believed to have been 60½p a share, compared with last night's closing price of 59p xd, 1½ down.

Earnshaw Haes, Lonsdale's brokers, handled the placing. Mr. G. H. Chamberlain, a director of Consolidated Finance, has resigned from the Lonsdale Board following the disposal of the shares.

The holding just sold was originally built up in 1973 when the shares of Lonsdale stood at considerably over 100p.

SPRECKLEY SUB. CHANGES HANDS

The Receiver and Manager of Spreckley Sage (a subsidiary of Chas. Spreckley) has concluded negotiations with Courtney Pope (Holdings) for the acquisition, with effect from to-day by Courtney Pope of the business previously carried on by Spreckley Sage.

The business will be continued by present management from the existing premises in Haringey and employment is being offered to former employees.

GRANADA GROUP

The scheme of arrangement between Granada Group and Robinson Rentals has become effective. Holders of some 85 per cent. of the scheme shares have elected to receive 8,626,515 new "A" shares in Granada. The 15 per cent. who did not take shares received a total of £1.1m. in cash.

In Saturday's report, it was inadvertently stated that the 85 per cent. received shares and cash.

British Airways is now considering its likely fleet requirements for the mid-1980s. **Michael Donne** examines the possible choices and explains why the eventual decisions will be important ones for aviation generally.

To-day's thoughts on the needs of to-morrow's flights

Boeing's "Junior Jumbo"—already flying and one of several contestants in the very long sector of the market.

AT A TIME when airline traffic is depressed and the outlook for 1976 uninspiring both financially and operationally, British Airways, in common with other major airlines, is taking a long look into the future to determine the likely demand pattern by 1985 and the sort of fleet it will need to be able to meet it.

Already, the airline's planners are coming up with projections that indicate that in ten years' time the annual passenger load may be more than 25m., against the present 14m., and that BA will need up to 1985 to buy anything up to 100 new aeroplanes. These would span the entire spectrum from short-range (up to 1,000 miles) aeroplanes to very long range (over 5,500 miles) ones to replace ageing existing jets and meet new requirements. British Airways' bill, at today's prices, is not likely to be much less than £1bn., and could well be more.

None of these projections, of course, is firm. But such projections are necessary if BA, and other airlines, are to be able to meet the demand from passengers and cargo as it arises. The manufacturers, too, increasingly are seeking more detailed ideas of what the airlines are likely to want so that the right types of aircraft can be designed and built. Since a new airliner takes as much as five to seven years from initial *conception to passenger service*, with hundreds of millions of pounds committed before any metal is cut, the manufacturers are tending to work more closely with the airlines than ever before.

The days of the bold leap into production with a bright idea stemming from a gleam in a designer's eye have gone for ever. Costs are now so high that no manufacturer or airline can afford a failure, or even merely a partial success. As a result, manufacturers are working much harder to win the big orders to justify their ventures even before the design is settled. Airlines are brought in much earlier, and, indeed, insist on being consulted.

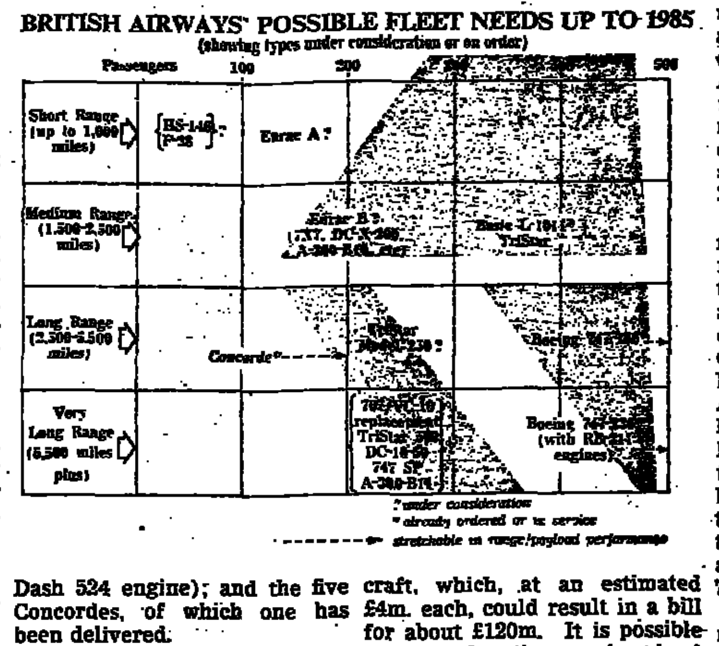
This is why the world's major aerospace manufacturers such as Boeing, Lockheed, McDonnell Douglas, British Aircraft Corporation, Hawker Siddeley, Aérospatiale and Airbus Industrie are all paying such close attention to the views of British Airways.

As a major airline with three divisions — Regional, operating mainly within the U.K.: European, running the short-to-medium haul routes to and from the Continent: and Overseas, operating long-haul world-wide — BA's shopping list for the next 10 years falls into four major categories. These are short-range (up to about 1,000 miles) medium-range (1,000-2,500 miles): long-range (2,500-5,500 miles) and very long range. There are also some specialist requirements, such as new transport helicopters for BA Helicopters, and smaller fixed-wing aircraft for the Scottish Highlands and Islands "social services" operations.

To meet these needs, BA's future procurement is likely to range from low-capacity aircraft (of 80-100 seats) through the spectrum to 400-plus seaters.

Some of the aircraft it will need for the 1980s it either has already on order or in service. These include the Lockheed 350-seat TriStars for medium-ranges, of which 15 have been ordered with six delivered; the 17 400-seat long-range Boeing 747-136s in service, with another five on order (including four with the uprated Rolls-Royce RB-211 Dash 524 engine); and the five Concordes, of which one has been delivered.

BRITISH AIRWAYS' POSSIBLE FLEET NEEDS UP TO 1985
(showing types under consideration or on order)



But BA is clearly in the market for many new types of aeroplanes. In the short-haul field, for example, it is looking for an 80-100 seat replacement for the 31 Viscounts in the Regional Division. A minimum purchase would be about ten aircraft costing some £3m. each. The possibilities being studied include the existing Fokker F-28 twin-jet, which is selling well for short-range work world-wide, and the Hawker Siddeley HS-146, which, although currently quiescent, could be revived for the 1980s under a nationalised British Aerospace Corporation.

Beyond this, a need is emerging for a slightly larger aeroplane, in the 100-120 seat bracket, to replace the existing 15 Trident Twos and 25 One-Elevens in short-to-medium hauls. The initial requirement here might be as much as 30 aircraft, which, at an estimated £4m. each, could result in a bill for about £120m. It is possible that both these short-haul requirements could be merged into one aircraft concept, which would make life easier for the airline.

In the medium-range field, the European Division could well need a larger 180-220 seater, with a 1,500-2,000 miles range, to replace the 26 Trident Threes. This might be a "wide-bodied" aircraft, perhaps with two of the "new generation" jet engines (either the Snecma-General Electric CFM-56 or a Rolls-Royce/Pratt and Whitney JT-10D derivative). BA might need 30 or more of these aircraft, at a total cost of some £300m.

The airline is not alone in seeing a market for both the *100-120 and 180-220 seater* types. Many airlines, especially on the Continent, have similar needs, and the eventual world market could run to as many as 1,000 aeroplanes. Studies which BA has conducted with Air France and Lufthansa have resulted in "outline requirements" for two aeroplanes—called Eurac A (the 100-120 seater) and Eurac B, the 180-200 seater—to meet these needs.

These "outline requirements" have been passed to the manufacturers to see whether they can turn them into acceptable specifications. One consortium in Europe, the Group of Seven (comprising BAC, Hawker Siddeley, Aérospatiale, Dassault, Dornier, Messerschmitt and VFW-Fokker), is now working on these ideas, to see if they can be welded into their own thoughts for the future, such as the Trident Four from Hawker and BAC's One-Eleven Series 700.

But there are other ways of meeting the airlines' requirements. The Eurac B 180-220 seater requirement, for example, could be met by a new smaller version of the A-300 Airbus, the so-called B-10, using two Rolls-Royce RB-211 engines, for 185-216 passengers, offered by the European combine, Airbus Industrie. Rolls-Royce is naturally very keen on this idea, as is Hawker Siddeley, which makes the wings for the Airbus and has a design consultancy role in Airbus Industrie. Other companies see the exploitation of Airbus Industrie as the best way to create a stronger European aerospace industry, and any British Airways order for the B-10 would help that idea along considerably.

Also in this hunt for the short-to-medium-range jet markets of the future are the big American manufacturers—Boeing with its 7X7 design, much canvassed round the world, but with no firm specifications as yet available, and McDonnell Douglas, with its proposed DC-X-200 design. On the fringes is the French Marcel Dassault, with a new version of its poorly-selling Mercure, the Super Mercure—but this is a 160-seater and appears to fall between the Eurac A and B requirements without meeting either of them.

Most of the manufacturers are hoping that the basic specifications can be refined to the airlines' satisfaction fairly soon—certainly before the end of this year or by early 1977—as they will have to be if design work is to be completed and production begun to meet *in-service* target dates of the early 1980s. Thus, it may well be that British Airways, Air France and Lufthansa will be making up their minds on the Eurac B *requirement* some time over the next year, and a surge of ordering by other airlines could come in 1977.

Similarly in the long-range field, BA could become a subsonic market leader (it is already in first with Air France in the Supersonic Concorde field). Like many other airlines, it is buying the Boeing 747 Jumbo jet in its basic version (the 747-136), which is capable of being stretched to give more payload and range. At the same time BA is also the first to order the Jumbo with the uprated Dash 524 Rolls engine, the 747-236. BA believes that, over the next ten years, it may need as many as another 15 747s, at about £15m. each—a possible bill of £225m.

Beyond this, it is already looking at the possibility of a very long-range type, for 5,500 miles and more but with about 250 seats, a smaller payload than the Jumbo. This so-called "long, thin aeroplane" would be capable of one-stop flights between London and Sydney or London and Tokyo.

In effect, it would be the true replacement for the existing Boeing 707s and VC-10s. BA would perhaps need about 15 of them by 1985, at a cost of, say, £12m. each, or a total of about £180m. Again, in order to get this kind of aircraft into service by the late 1980s, a decision is needed some t[...] year.

Several types are co[...] this market already. B[...] offering its "Junior [...] the Special Performanc[...] of the 747, which is al[...] ing and which could b[...] with the Rolls-Royce Dash 524. Lockheed is [...] the Series 500 long-ra[...] sion of its TriStar med[...] jet, again with the I[...] engine: while McDonn[...] las has entered the fi[...] the DC-10-50 model of [...] ing medium-haul DC-[...] employing the Dash 52[...] Yet another contestant [...] *significantly in the figh[...]* to be overlooked, is a [...] variant of the A-300 Ai[...] B-11. This would be [...] engined model for 18[...] sengers, which could b[...] the political decision w[...] to expand Airbus [...]

One of the most s[...] features of all these [...] ments, indeed, is the [...] which Rolls-Royce k[...] facing, with either th[...] engine in one *form o[...]* or through a possible [...] tive venture on [...] JT-10D.

The RB-211 alread[...] the TriStar *in all its* and *is in the Boeing* It could go into the A[...] and 747SP, and is offe[...] DC-10-50. Any coll[...] with Pratt and Whitn[...] JT-10D or its derivati[...] open a big market [...] Eurac A and Eurac B [...] 7X7s, DC-X-200s or [...] types, and could pe[...] used in any A-300-B-1[...]

All these ideas are [...] academic. They are [...] proposals being taken [...] by airlines and man[...] alike. It is widely ac[...] world aerospace that [...] are going to be spen[...] now and 1985 on [...] planes and engine[...] cumulative ten-year [...] ment bill, as outlin[...] comes to £855m., whi[...] 15 per cent. spares [...] makes it conservati[...] at to-day's prices—an[...] be multiplied many t[...] among the 100-plus [...] lines of the world.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 9, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place	Local Unit	Value of £ Sterling
Afars & Issas	Djibouti Franc	342(sg)
Afghanistan	Afghani	114(A)
Albania	Lek	(O)10.10(A) (T)23.25(A)
Algeria	Dinar	(A)8.05(sg)
Andorra	French Franc	9.07¼
	Spanish peseta	154.92
Angola	Angola Escudo	55.20
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(fin)152.90† (exp)159.62
Australia (S)	Australian $	1.6065
Austria	Schilling	37.15
Azores	Portug. Escudo	55.50
Bahamas (S)	Ba. Dollar	2.0555
Bangladesh (S)	Taka	29.95(sg)
Bahrain (S)	Dinar	0.7975
Balearic Is.	Spa. Peseta	154.92
Barbados (S)	Barbados $	4.06385
Belgium	B. Franc	(cm)79.55 (fn)82.45
Belize	B$	4.0
Bermuda (S)	Bda. $	2.0280
Bhutan	Indian Rupee	18.669
Bolivia	Bolivian Peso	40.58
Botswana (S)	S. A. Rand	1.7651
Brazil	Cruzeiro	18.70
Br Solmn Is(S)	Australian $	1.6065
Br Virgin Is(S)	U.S. $	2.0280
Brunei (S)	Brunei $	5.0585
Bulgaria	Lev	1.9610
Burma	Kyat	(A)13.50(sg)
Burundi	Burundi Franc	168.745
Cambodia	Riel	n.a.
Cameroun Rp	C.F.A. Franc	453⅞
Canada	Canadian $	2.018
Canary Is.	Spanish Peseta	154.92
Cape Verde Is	Cape V. Escudo	55.20
Cayman Is.(S)	Cay. I. $	1.69506
Cent. Af. Rp.	C.F.A. Franc	453⅞
Chad	C.F.A. Franc	453⅞
Chile	C. Peso	(Bk) 20.29 (T) 20.29
China	Renmimbi Yuan	3.9694
Colombia	C. Peso	(F) 67.75
Comoros I'ds	C.F.A. Franc	453⅞
Congo (B'ille)	C.F.A. Franc	453⅞
Costa Rica	Colon	17.441
Cuba	Cuban Peso	1.6906
Cyprus (S)	Cyprus £	0.79974
Czechoslov'ka	Koruna	(cm) 11.60 (n/c) 23.68 (T) 20.78
Dahomey	C.F.A. Franc	453⅞
Denmark	Danish Krone	12.4725
Dominica (S)	E. Carribbean $	4.80
Domin. Rep.	Dominican Peso	2.0280
Ecuador	Sucre	(O)50.5522 (F)50.52
Egypt	Egyptian £	(O)0.79 (T)1.20
Ethiopia	Ethiopian $	(P) 4.2028
Eq'tl Guinea	Peseta	154.92
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is.	Danish Krone	12.4725
Fiji Is. (S)	Fiji $	1.7435
Finland	Markka	7.76½
France	French Franc	9.07¼
Fr. C'tyin Afr	C.F.A. Franc	453⅞
Fr. Guiana	Local Franc	9.07¼
Fr. Pac. Is.	C.F.P. Franc	165.04
Gabon	C.F.A. Franc	453⅞
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	5(A)
Germany West	Deutschemark	5.18
Ghana (S)	Cedi	2.33
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.6065
Greece	Drachma	71.156
Greenland	Danish Kroner	12.47¼
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	9.07¾
Guam	U.S. $	2.0280
Guatemala	Quetzal	2.0280
Guinea Rep.	Sily	n.a.
Guinea Bissau	♥♥	♥♥
Guyana (S)	Guyanese $	5.1814
Haiti	Gourde	10.14
Honduras Rep	Lempira	4.07
Hong Kong (S)	H.K. $	10.16¼
Hungary	Forint	(com) 35.42 (ne/T) 41.71
Iceland (S)	I. Krona	345.80
India (S)	Ind. Rupee	18.6620
Indonesia	Rupiah	841.62
Iran	Rial	(A)140
Iraq	Iraq Dinar	0.598
Irish Rep K	Irish £	1.00
Israel	Israel £	14.872
Italy	Lira	1.525
Ivory Coast	C.F.A. Franc	453⅞
Jamaica S	Jamaica Dollar	1.8449
Japan	Yen	610
Jordan S	Jdn. Dinar	0.660(sg)
Kenya (S)	Ken. Shilling	16.7287
Korea (Nth)	Won	n.a. (g)
Korea (Sth)	Won	981.35
Kuwait (S)	Kuwait Dinar	0.595
Laos	Kip	n.a.
Lebanon	Lebanese £	n.a.
Lesotho	S. African Rand	1.7651
Liberia	Liberian $	2.0280
Libya	Libyan Dinar	(P)0.6004
Liecht'nstn	Swiss Franc	5.22¼
Luxembourg	Lux Franc	79.55
Macao	Pataca	12.7525
Madeira	Portug'se Escudo	55.50
Malagasy Rp.	MG Franc	453⅞
Malawi (S)	Kwacha	1.8294
Malaysia (S)	Malaysian $	5.198
Maldive Is.(S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	905½
Malta (S)	Maltese £	0.82555
Martinique	Local Franc	9.07¾
Mauritania	Ouguiya	◆
Mauritius (S)	M Rupee	13.54625
Mexico	Mexican Peso	25.34
Miquelon	C.F.A. Franc	453⅞
Monaco	French Franc	9.07¾
Mongolia	Tugrik	(O) n.a. (g) (T) n.a.
Montserrat	E Caribbean	4.80
Morocco	Dirham	8.52(sg)
Mozambique	Moz. Escudo	55.50
Nauru Is.	Aust. Dollar	1.6065
Nepal	Nepalese Rupee	24.40
Netherland	Guilder	5.4025
Neth. Ant'les	Antillian Guild	3.6301
New Hebrides	Franc	146.71
	Austl. Dollar	1.6065
N. Zealand (S)	N.Z. Dollar	1.9596
Nicaragua	Cordoba	14.26
Niger Rp.	C.F.A. Franc	453⅞
Nigeria (S)	Naira	1.25615(sg)
Norway	Nrwg. Krone	11.20¼
Oman Sultanate of (S)	Rial Omani	0.704
Pakistan	Pkst. Rupee	19.75(sg)
Panama	Balboa	2.0295
Panama Canal Zone	U.S. $	2.0280
Papua N.G. (S)	Kina	‡1.6091
Paraguay	Guarani	255.22
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A)0.60
Peru	Sol	(excA) 91.50½ (A) 91.50½
Philippines	Ph. Peso	15.1875
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.9598
Poland	Zloty	(B)40.58 (T)65.50
Portugal	Pgse Escudo	55.50
Port Timor	Timor Escudo	55.50
Principe Isle	♥♥	♥♥
Puerto Rico	U.S. $	2.0280
Qatar (S)	Qatar Ryal	8.06
Reunion Ile de la	French Franc	9.07¾
Rhodesia	Pound ••	n.a.
Romania	Leu	(cm) 10.16 (n/c)(T)24.53
Rwanda	Rwanda Franc	188.80
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	453⅞
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	5.08
Samoa (Am)	U.S. $	2.0280
San Marino	Italian Lira	1.525
Sao Tome	♥♥	♥♥
Saudi Arabia	Ryal	7.15
Senegal	C.F.A. Franc	453⅞
Seychelles	S. Rupee	13.53
Sierra Le'ne (S)	Leone	2.0
Singapore (S)	Singapore $	5.02
Somali Rep.	Som Shilling	(A) 12.40(sg)
Sth. Africa (S)	Rand	1.7651
S. W. Africa Territories (S)	S. A. Rand	1.7651
Spain	Peseta	(h) 154.92
Span. Ports in North Africa	Peseta	154.92
Sri Lanka (S)	S. L. Rupee	15.5688(sg)◆◆
Sudan Rp.	Sudan £	(A)0.690(sg)
Surinam	S. Guilder	3.6301
Swaziland (S)	Lilangeni	1.7651
Sweden	S Krona	8.86
Switzerland	Swiss Franc	5.22¼
Syria	Syria £	(A)7.40(sg)
Taiwan	New Taiwan $	(P)77.064
Tanzania (S)	Tan. Shilling	16.725
Thailand	Baht	41.575
Togo Rp.	C.F.A. Franc	453⅞
Tonga Is. (S)	Pa'anga	1.5865
Trinidad (S)	Trin. & Tobago	4.80
Tunisia	Tunisian Dinar	0.840(sg)
Turkey	Turkish Lira	31.952(bg)
Turks & C's	U.S. $	2.0280
Uganda (S)	Ug. Shilling	16.7287
Utd. States	U.S. Dollar	2.0280
Uruguay	Uruguay Peso	(cm)5.67 (fn)6.56
Un'n A'b Emts	U.A.E. Dirham	8.01
U.S.S.R.	Rouble	1.55
Upper Volta	C.F.A. Franc	453⅞
Vatican	Italian Lira	1.525
Venezuela	Bolivar	8.69(x)
Vietnam (Nth)	Dong	(O)n.a.(g) (T)n.a.(g)
Vietnam (Sth)	Piastre	n.a.
Virgin Is. U.S.	U.S. Dollar	2.0280
Western Samoa (S)	Samoan Tala	1.21914
Yemen	Ryal	9.10(sg)
Yugoslavia	New Y Dinar	36.7900
Zaire Rp.	Zaire	1.0155
Zambia (S)	Kwacha	1.2831

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 per cent.

•• A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Regime on February 17, 1970. Recent reports suggest a rate of about 1.26763 Rh. dollars to £1.

◆ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

(x) General rate: oil and iron exports 8.5176.

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles, the North Vietnamese dong at 0.306 roubles, and the North Korean won at 0.7493 roubles. With the pound standing at 1.56 roubles, the following relationships could be *calculated for the pound*: £1=6.89 tugriks, £1=5.06 dongs, £1=2.07 won.

♥♥ Information not available for this edition.
* Rate is the Transfer market (controlled).
** Rate now based on 2 Barbados $ to the dollar.
† Freight Ins. and Charges 155.52.
‡ Australia dollar remains in circulation.
‡ Now one official rate.
(h) Following devaluation.

Group executive posts at Davenports Brewery

L. Silvey has been deputy chairman and executive of DAVENPORTS (HOLDINGS) and of Davenports Brewery, holding company. Mr. Frost has been made managing director and Oakley has joined the the holdings company es group sales director. Lunn (works manager), ntzer (head brewer) and F. Harris (assistant to director) have been directors of the trading

★

xander A. Cunningham elected a vice-president AL MOTORS CORPORA- general manager of eas operations division ch 1. He will succeed W. Gage who is retir- end of the month. Mr. m has also been a member of the Cor- administration com-

★

G. Jones has been ap- les director of PORTH

★

tti Koivisto has been an associate director BANK.

★

y H. Draycott has been chairman of Thomas Sons (Rodley), John ghley), Butters Cranes, Engineering. He suc- Douglas Walton who uished those positions ng chairman of the mpany, THOS. W.

★

D. Prentice has been chairman of J. E. A. ASSOCIATES, Lon- kers. Mr. Christopher scount Chelmsford and el Julien have been directors. Mr. Prentice chairman of Willis Dumas. Mr. Hughes, Chelmsford and Mr. all directors.

★

Schofield, a regional nager of BARCLAYS been appointed a Barclays Bank U.K. t and chairman of the ocal Board from May eeds Mr. Ian Buchanan retire but will remain of the Liverpool Local Ernest Wood, at pre- al general manager for ast Midlands and East ion, will assume re- for the Wales and nds Region. Mr. Owen Rout, a local director of the Chelmsford District, succeeds Mr. Wood as regional general manager for the East Midlands and East Anglia Region.

★

Mr. W. J. Aldred, Mr. G. W. Baigent, Mr. M. R. Douglas, Mr. V. H. S. Hannay and Mr. D. T. James, senior staff members of MARPLES RIDGWAY CONSTRUCTION, have been appointed to the Board. Mr. J. C. Quinton has joined the Board of J. Long and Sons (Bath), a member-company.

★

Professor Christopher Foster has been appointed director of the CENTRE FOR ENVIRONMENTAL STUDIES, succeeding Professor David Donnison who has become chairman of the SUPPLEMENTARY BENEFITS COMMISSION. Professor Foster expects to work full-time at his new post from the end of March. He was a governor of CES from 1967 to 1969. Since 1970 he has been head of the Centre for Urban Economics at the London School of Economics, from which he will be on two years' special leave. He also acts part-time as a special economic adviser to the Department of the Environment.

★

Mr. C. J. Buckingham has joined the Board of WIGHAM POLAND SERVICES.

★

Mr. Robin Eyres has been appointed sales director of THOMSON YELLOW PAGES. He was previously commercial director. Mr. Tom Blair has also joined the Board as production director. He was previously general sales manager.

★

BUNZL PULP AND PAPER (SALES) and Anglo-American Pulp and Paper Co. have announced the following Board changes and appointments. Because of other commitments, Mr. G. G. Bunzl has resigned from the Boards of both companies but will continue his association with them. Mr. F. J. David has been appointed chairman of Bunzl Pulp and Paper (Sales) and Mr. J. D. White becomes chairman of Anglo-American Pulp and Paper Co. Mr. R. A. Bell has resigned from the Board of Cigarette Components and joins the Board of Bunzl Pulp and Paper (Sales). Mr. D. H. Eggle has been appointed a director of Bunzl Pulp and Paper (Sales) and Mr. C. S. Katz a director of Anglo-American Pulp and Paper Co. These changes are from February 16.

★

Miss Beth Barrington Haynes has been appointed a director of NEILSON McCARTHY.

★

Mr. Andrew Sansom has been appointed deputy secretary of the ASSOCIATION OF CERTIFIED ACCOUNTANTS. Mr. Sansom joined the Association's staff two years ago as secretary administration with special responsibility for financial and administrative functions.

★

In an internal re-organisation in the F. J. C. LILLEY civil engineering group, the name of one of the subsidiary companies, A. Waddington and Son, has been changed to Lilley-Waddington. Mr. Dennis Hart, a main Board director, has relinquished the position of managing director of Waddington's, and has become chief executive of the group's international division. Mr. Donald Neal has been made managing director of Lilley-Waddington and Mr. Ronald Atkin and Mr. Harold G. Stone have been appointed to the Board of that company.

★

The DELTA METAL COMPANY states that Mr. P. D. Pakenham-Walsh will resign as executive chairman of Barker and Allen, a subsidiary of its Enfield Rolling Mills Division, to take up an overseas position as managing director of S. A. Marvin, Brazil, in which Delta is equal partner with the Anaconda Company. Mr. John Tobin has been appointed chairman of Barker and Allen in addition to his other responsibilities as an ERM divisional director. Mr. David Denby has become a director and general manager of Barker and Allen.

The changes become effective on March 1.

★

Mr. D. W. Shepherd, deputy chairman of Shepherd Building Group, has been elected to the Yorkshire, Humberside and North Lincolnshire Advisory Board of the BRITISH INSTITUTE OF MANAGEMENT. Mr. D. J. Grant, chairman, Darchem, has been elected to the Northern Advisory Board of BIM.

★

Mr. Lewis Strachan has been appointed deputy chairman of UNITED WIRE GROUP.

★

Mr. Arthur C. Dennis has been appointed to the Board of APV PARAMOUNT and continues as a director and general manager of APV Paralec. Mr. John Cumberland has been appointed chief inspector of APV Paramount.

★

Mr. Geoffrey K. Rowe has been appointed a director of HEY AND CROFT and Mr. Geoffrey King has become a director of HEYCROFT INVESTMENTS.

★

Mr. D. W. Savage, managing director, Ashton Containers, has been appointed chairman of the FIBREBOARD PACKING CASE MANUFACTURERS ASSOCIATION for 1976. Mr. G. W. Methven, assistant managing director, DRG Merton Packaging, and Mr. G. C. Parson, managing director, Board Products, have been made vice-chairmen. Mr. D. W. Payn, secretary of the Association since 1962, retires at the end of February, and is succeeded by Mr. R. L. Sholem.

★

Mr. R. E. Field, who has been acting as chief executive of SADIA AIROFREEZE since last September, has become managing director. He has also joined the Board of the parent company, Sadia. He retains his directorship in Heatrae-Sadia International but has resigned from the Boards of Heatrae, Heatrod, Heatrae Catering Equipment, and Sadia Water Heaters.

★

Mr. W. W. Burrows has been appointed export director of ROBERT JENKINS (HOLDINGS). He joins the group from the Plessey Company.

★

Mr. D. R. Mead and Mr. D. C. Fairmaner have been appointed assistant general managers of CORNHILL INSURANCE.

★

Mr. Donald D. Dixon has been appointed managing director of PRITCHARD-RHODES, of London.

★

Mr. E. A. W. Tulloch has been appointed a manager of STEWART FUND MANAGERS. Mr. A. F. Shewan has resigned as a director.

★

Mr. Richard Oliver has been appointed senior manager of ATLANTIC INTERNATIONAL BANK, where he will be responsible for the marketing of loans in Central and South America. Until recently he was general manager of the International Division of Grindlays Bank.

...ID AIR CORPORATION

...id Air Corporation of North America announced ...at preliminary results indicate that earnings and ... 1975 were the highest in the company's history.

...income for the year was \$16,241,000 or \$2.24 per ...mpared to \$13,437,000 or \$1.87 per share in 1974, ...ing increase of 21 per cent. and 20 per cent. respec... ...ales in 1975 were \$215,821,000 an 8 per cent. increase ... sales of \$199,449,000. Net income before taxes ...was \$31,201,000, compared to \$27,234,000 in 1974, a ...nt. increase.

...ncome in the fourth quarter of 1975 was \$4,631,000 ...cent. increase over net income of \$3,484,000 for the ...e quarter of 1974. Earnings per share for the ...arter of 1975 were \$0.62 as compared with \$0.49, ...cent. increase which reflects the issuance of 310,000 ...s of common stock in October, 1975, as a result ...lic offering. Earnings before taxes in the fourth ... 1975 were \$8,733,000 as compared with \$7,490,000 ...omparable 1974 quarter, a 17 per cent. increase.

... Salbaing, the president of the company, said that ... rate of growth in earnings as compared to sales ...y due to a more favourable product mix resulting ...er industrial gas sales, as well as to lower interest ...d a lower income tax rate.

... Air Corporation of North America is one of the ... producers and distributors of industrial gases in ...erica, with operations in several regions of the ...tes and throughout Canada. It is also in the related ...of distributing in such areas, welding equipment ...les, some of which it manufactures. U.S. Divers ...lly-owned subsidiary of the company, is the leading ...rer and distributor in the United States of under...ing equipment which it sells under the name ...

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...TS: Year ended 30th September	1975 £	1974 £
...er	42,243,000	43,030,000
...Profit before Taxation	1,385,205	-3,652,346
...Profit after Taxation ...and Minority Interests	149,514	1,141,606
...s per 12½p Share	1.68p	4.41p
...d per 12½p Share	1.15p	1.384p

...TS FROM THE STATEMENT BY THE CHAIRMAN, SIR WILTON LEE

...nover remained virtually steady in monetary terms over ... two years, but this masks a substantial reduction in ... This reduction which was felt initially in our strip ...s, gathered pace throughout the year in virtually all our ...with a consequent adverse effect on profitability.

... decision to reduce the dividend was taken with ...ce, but it is obviously the Board's duty to maintain the ...ny's strength for the future. In this connection, special ... should be made of the charge for Additional ...ation (Current Replacement Basis) which amounted to ...0.

...current evidence, demand for strip products has ...ed out and there are tentative signs of an uplift; demand ... products, however, remains weak. The market for bars ...y steadied, albeit at low levels, and our Stockholding ...nies are trading profitably. It is, however, only in the ...ivision that we have an order book which enables us to ...e prospects favourably.

... stantial capital investment has been undertaken in ...ears, and the benefits of our Thin-Strip Development ... approximately £1.5M) in particular, have yet to be felt. ...en demand is restored a significant contribution to overall ...ility is expected to accrue from such expenditure.

...of the Report and Accounts may be obtained from the ...ry, P.O. Box 54, Sheffield S9 1HU.

SNOW REPORTS

	Depth (cms.) L	U	State of Piste	Weather	°C
Anzère	50	90	Good	Fine	—1
Champery	40	100	Good	Cloud	2
Davos	40	160	Good	Fair	—1
Kitzbuhel	40	100	Fair	Cloud	4
Les Menuires	90	100	Good	Snow	—4
Saas Fee	40	105	Good	Fine	1
Seefeld	55	110	Fair	Fine	3
Val d'Isere	55	100	Good	Fair	—9
Verbier	40	100	Good	Cloud	2
Villars	30	90	Good	Cloud	—3

In the above snow reports, supplied by the Ski Club of Great Britain, L refers to lower slopes and U to upper slopes. The following reports have been received from other sources.

	L	U	Piste	Weather	°C
NORWAY					
Finse	200	200	Good	—	—5
Geilo	50	60	Good	—	—10
Lillehammer	40	51	Good	—	—5
Oslo	25	45	Good	—	—6
Voss	120	140	Good	—	—1
ITALY					
Cervinia	60	200	Good	Snow	—
Claviere	70	90	Good	Snow	—
Cortina	35	100	Fair	—	—
San Martino	30	80	Good	—	—
Sestriere	80	90	Good	Snow	—
FRANCE					
Alpe d'Huez	60	120	Good	Sun	—
Chamonix	5	90	Good	Sun	—
Courchevel	35	100	Hard	Sun	—
Megeve	35	130	Good	Cloud	—
St. Gervais	40	90	Good	Sun	—
AUSTRIA					
Brand	40	130	Good	—	0
Ischgl	40	140	Good	—	—4
Lienz	25	80	Good	—	—8
Mittersdorf	70	380	Good	—	—6
Saalbach	45	85	Good	—	—1

SCOTLAND

Cairngorm: Main runs: All complete, wet snow. Lower slopes: Most runs complete. Vertical runs, 1,800 feet. Glenshee: Main runs: All complete wet snow. Lower slopes: Ample nursery area. Vertical runs: 1,000 feet. Glencoe: No report.

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Fiat's Brazil strategy

By Anthony Robinson

ROME, Feb. 9.

THE $300m. Euromarket loan being raised jointly by Fiat International Holdings and the Brazilian state of Minas Gerais has now gone into syndication. The loan offers a spread of 2¼ per cent. over inter-bank rates. Lead manager is Crédit Suisse White Weld.

The final maturity will be eight years but it is understood that the terms are such that seven years is the maximum maturity for participations by banks outside the management group.

The proceeds will be used to finance just under a third of the total of $930m. which Fiat and Minas Gerais are investing in the massive car, forge and motor plant at Belo Horizonte, where Fiat already has tractor and earth-moving equipment facilities.

The new car plant is due to start up this summer and will produce 200,000 modified 127 model cars annually when fully operational.

The original estimates for the cost of the operation, which date back two years, were $500m. but inflation and the fact that the Brazilian Government has kept the cruzeiro devaluation rate below the rate of inflation has raised the total cost of the operation, including working capital, and start-up costs, to a total of $930m.

This loan is being financed in the following way. Fiat and Minas Gerais together have provided $415m. of equity capital. Suppliers' credits account for $140m. and local finance from Brazilian banks adds up to $75m. The Eurodollar loan has provided the remaining $300m.

The Eurodollar loan covers $210m. of the car plant cost and $90m. of the forge cost and is being made on an eight-year basis, partly in order to avoid the Brazilian withholding tax. Fiat Holdings has guaranteed 80 per cent. of the loan and Minas Gerais 20 per cent. But Minas Gerais has guaranteed most of the suppliers' credit and raised finance locally so that in all it has guaranteed 45 per cent. of the car plant and 20 per cent. of the forge.

Fiat's decision to make an investment of this size in Brazil reflects a fundamental shift in its South American strategy. Since the war, this has concentrated on Argentina as principal manufacturing base on the sub-continent. By setting up its new plant in Brazil Fiat has put itself behind a high external tariff barrier and will become a major competitor to Volkswagen which chose Brazil as its principal Latin American base after the war.

GM and Ford to step up capital spending

BY GUY DE JONQUIERES

NEW YORK, Feb. 9.

BOTH General Motors and Ford, the two largest U.S. motor companies, are planning to step up their capital spending substantially this year and have allocated the lion's share of their budgets to their domestic operations.

GM's spending is due to rise 18 per cent. to a record $2.6bn. from $2.2bn. last year, and will direct 80 per cent. of this amount to its operations at home. Ford's budget has been increased to $750m. from $600m. in 1975, and 60 per cent. of it is earmarked for U.S. projects, as compared with 40 per cent. last year.

The disparity between the two companies' budgets reflects their differing performance in terms of sales and profitability in recent months. Earlier this month, GM reported that its net profits rose by 32 per cent. to $1.25bn., and last month its sales rose 39 per cent. to give it a 47 per cent. share of the total U.S. market, up from 40 per cent. a year previously.

Ford has not yet released its full-year results, though most analysts believe that they will show a drop from the 1974 level, and during the first nine months of last year its profits were off 55 per cent. to $152.8m. In January, its sales rose 11 per cent., but its market share fell back to 23 per cent. from 24 per cent. a year earlier.

At a dealers' convention last week-end, Ford's chairman, Mr. Henry Ford II, candidly admitted that Ford could not afford to keep pace with GM's spending. He has inidcated in recent months that Ford is also considering abandoning its attempts to compete with GM in all sectors of the market and that it may in future concentrate its product lines in more specialised areas.

Chrysler has yet to announce its 1975 results and its 1976 capital spending budget, though there is speculation in the motor industry that the latter will be less than the $400m. it spent last year. Like Ford, Chrysler is not planning to introduce any radically new models this year.

Mr. E. M. "Pete" Estes, president of GM, said at the dealers' convention that the company will spend the bulk of this year's budget on developing new models and on its continuing programme of reducing the size and weight of its existing products. It is not proposing to build any new plants this year and says that it has adequate capacity.

According to Mr. Estes, the 1977-model GM cars due to go on sale next autumn will be up to 1,000 pounds lighter, a foot shorter, and will obtain about two miles per gallon more than its current models.

He said that GM had originally planned to spend $2.5bn. on plant and equipment last year, but ended up spending only about $2.2bn. because of delays in some programmes. In 1974, GM spent $2.5bn., most of it on radical conversion of its production facilities to meet the demand for more economical cars stimulated by the rise in fuel prices.

GM is considerably more bullish than its competitors in its projections for the U.S. car market this year. It has predicted that total sales will rise to about 10.25m. units from 8.8m. in 1975 and that almost all this increase will go to domestic models at the expense of foreign cars.

BMW sales and profit surge

BY GUY HAWTIN

FRANKFURT, Feb. 9.

BMW TOOK a leap forward last year, pushing up sales, turnover and profits. While earnings appear to be a little under the vintage 1973 levels, last year's performance expunges the black memories of 1974 when a heavy fall in demand led to swingeing cut in profits and dividend.

Herr Eberhard Von Kuenheim, chairman of the Munich-based motor concern's executive Board, said: "It was one of our best business years." BMW, he said, had taken "measurable steps forward" and the concern had improved its market position both at home and abroad.

The figures speak for themselves. Turnover soared by 30.6 per cent. from 1974's DM2.49bn. to DM3.26bn. Home sales showed the strongest growth rising by 45.6 per cent. from DM1.33bn. to DM1.94bn. Exports rose much more slowly—by 13.5 per cent.—from DM1.62bn. to DM1.32bn.

This was an impressive performance on both fronts with BMW out-performing the German motor industry's average both at home and abroad. The average increase in home demand for the industry as a whole was 29.5 per cent., while overall exports dropped by an average 13.3 per cent.

Registration figures during the year enhance this showing. Total BMW domestic registrations went up by 53.7 per cent.—well above the 1973 rise of 41.5 per cent. At the same time the concern's share of the West German market increased substantially, from 5 per cent. to 6.2 per cent.

BMW's share of total West German motor car exports had risen by the end of 1975 from 5.8 per cent. to 7.3 per cent. Demand went up in all foreign markets even in those—such as France, Italy, Switzerland, Britain and the U.S.—where overall motor sales showed a downturn.

Undoubtedly the key to BMW's triumphant year was the concern's two new model series which were marketed during the year. The 316 to 320 series have enjoyed phenomenal success in the West German market and delivery periods have stretched up to six months depending on model.

BMW is expecting the current year to be another good one, although Herr Von Kuenheim said that the growth rate was not likely to be as high as in 1975. The concern does not appear to believe that extended delivery times will result in lost sales. Not only should delivery times shorten, but the main competitor, Mercedes, is quoting possibly longer delivery dates.

The target in the current year was to strengthen the concern's manufacturing operations further, said Herr Von Kuenheim. "We want further growth, but to hold the growth under stronger control," he said.

Investment in 1976 is planned at DM260m. compared with DM160m. last year. Capacity at the Dingolfing works in Lower Bavaria will be extended. The main target for investment is the improvement and the development of new models and, indeed, the new model to be introduced this year is a large coupé at the top of BMW's range.

Herr Von Kuenheim declined to give precise earnings figures. The supervisory Board had yet to approve the final balance sheet and to fix the dividend, he said. However, it looks as though shareholders have some hopes of an increase in the dividend, which for 1974 was reduced from the previous year's 18 per cent. to 14 per cent.

Rescue operation for Lip

By Robert Mauthner

PARIS, Feb. 9.

A MASSIVE rescue operation has been launched to save Lip, under which the State soft loan agency and Lip's holding company will pour a total of Frs.18m. into the "lame duck" French watchmaking concern.

The decision was taken yesterday at a meeting of the Board of the holding company Societe Europeene d'Horlogerie et d'Equipment Mechaniques (SEHEM) whose major shareholders include some of France's largest companies and banks.

The Board also decided to appoint a new managing director to replace M. Claude Neuschwander, the young advertising executive with Left-wing political views who took over the company two years ago.

After President Giscard d'Estaing's personal intervention, the SEHEM holding company has now agreed to subscribe to an increase in Lip's capital of Frs.5m., which they refused to grant to M. Neuschwander when he originally asked for it last December. An additional Frs.6m. will be provided by the banks in the form of short-term credits, while the Economic and Social Development Fund will grant long term loans totalling Frs.7m. at favourable interest rates.

NITC $60m. loan

By Mary Campbell

SYNDICATION is now well advanced for a $60m. Euromarket loan for the National Iranian Tanker Company, market sources report. The purpose of the loan is to finance the purchase of the tankers which NITC agreed to buy some time ago from British Petroleum.

The loan, which is guaranteed by the National Iranian Oil Company, offers spreads which range from 1½ to 1¾ per cent. over a seven-year maturity. It is understood that Westdeutsche Landesbank and Chemical Bank have agreed to provide finance for a further four years after the expiry of the loan, bringing the overall maturity to 11.

Also in the market is the $350m. financing for the partners in the Frigg oil and gas field in the North Sea. The $350m. is, in fact, made up of a collection of smaller loans to British and Norwegian subsidiaries of Elf-ERAP, CFP, Aquitaine, and Norsk Hydro, each loan under guarantee of its respective parent company.

The maturity and interest rate spread of each loan are, however, identical. They include a seven-year final maturity, with spreads set at 1⅞ per cent. for the first three years and 1¾ for the last four.

ASEA meets its forecast

By William Dullforce

STOCKHOLM, Feb. 9.

ASEA, the Swedish electrical engineering group, shows a 30 per cent. increase in pre-tax earnings to Kr.492m. (£56m.) in its preliminary report for 1975. The results confirm the profits growth forecast made at the half-way stage and represent a recovery during the second half of the year.

The statement, however, shows substantial non-recurring income from the sale of shareholdings and property assets, amounting to Kr.234m. (£26.5m.), so a more accurate assessment of the group's 1975 performance will have to wait until the annual report. Group sales climbed by 14 per cent. to Kr.7.9bn. (£880m.) in 1975.

ASEA also recommends a bonus issue of one-for-four, increasing the equity from Kr.787.5m. to Kr.984.4m.

Shell may raise Swiss Franc loan

Financial Times Reporter

SHELL is considering the possibility of raising a substantial loan in the Swiss capital market.

The group would not confirm reports that it might make a private placement of up to Sw.Frs.500m. (about £95m.). A spokesman said, however, that a Swiss Franc loan was one of the possibilities being considered for its borrowing programme this year. Shell has always been a regular borrower on the Swiss capital market.

Moscow Narodny to rep[ay] $3m. to Creditanstalt

BY MARGARET REID

MOSCOW NARODNY BANK, one of the 11 London banks which are suing the Austrian bank, Creditanstalt - Bankverein, of Vienna, for $20.7m. (£10.4m.) under letters of credit, is to repay Creditanstalt $3m. (£1.5m.) which it has been holding against non-payment of the funds in question.

The letters of credit, linked with a trade deal in pharmaceuticals on whose value doubt has been cast, have been syndicated among the consortium of eleven banks by merchant bank Singer and Friedlander, which advanced cash against them. Moscow Narodny's share was $3m., the amount which it has hitherto stopped out of repayment of a deposit quite separately placed with it by Creditanstalt.

Recalling that the consortium has begun legal action in Austria against Creditanstalt, claiming default on payments due under the letters of credit, the Russian-owned Moscow Narodny explained last night: "Pending the settlement of this claim, and to cover any possible loss, Moscow Narodny withheld part of a Euro-currency deposit of DM13m. (£2.5m.) and offered to pay moneys in full into the English Court, but this offer was rejected by Creditanstalt.

"Nevertheless, Moscow Narodny, in order to indicate good faith in the matter, has elected to effect repayment, without prejudice to its claim."

Creditanstalt had, for its part, begun legal proceedings in Britain for the recovery of the delayed deposit, and had been due for to-day. Some contro[versy has] been stirred in the C[ity by the] non-repayment in fu[ll of the] deposit, when due. T[his is] now understood to be [repaid] back with interest. A[n offer by] Creditanstalt to plac[e] with Moscow Narodny a commercial depos[it for ...] months is understoo[d to have] been declined.

Meanwhile certain [talks] have been taking plac[e on the] disputed main issue [of] the letters of credit. [Herr] Finsterwalder, Cre[ditanstalt's] foreign manager, was [in London] last week for the p[...] no settlement has emerged.

Sorec profits deteriorate

BY RICHARD ROLFE

JOHANNESBURG

THE FORMER Schlesinger organisation property arm, Sorec, which is now controlled 43 per cent. by Rand Selection, has run into a deteriorating profit situation on the evidence of its six months to end-December, with the pre-tax level down from R1.8m. to R1.5m. and the net from R1.1m. to R900,000. Earnings per share fell from 5c. to 4.1c. and the dividend has been cut from 4.25c. to 3.25c. at the interim declaration. The Board says the results reflect "present unfavourable conditions facing property developers," in line with what was expected in the chairman's review last year and estimates a further fall in taxed profits for the second half current year from R955,000 to R775,000.

While development conditions are far from ideal, the chronic shortage of flats in Johannesburg should on the other hand have benefitted Sorec's residential rental income, but no breakdown is available. However, the outlook is for earnings of 3.6c in the second half against 4.5c last year to make a total of 7.7c and probably involving another reduction in the dividend to about 5.5c against 7.5c.

Along with some other South African property [companies] Sorec probably shou[ld] [...] paying a dividend at [...] commitments are R1[...] pletion of existing de[velopments] and although the R10[m ...] per cent. debentures [...] last year will fund th[e] company's interests [...] maximizing retentio[n] while, the extra fina[nce] will be a major facto[r ...] sing earnings. In the [...] Sorec at 92c with as[sets of] 285c. will certainly p[...] once the market fo[r ...] revives and rentals i[...] recent surveys sugg[est ...] may be about two ye[ars ...]

Two Australian rights issues

BY JAMES FORTH

SYDNEY

TWO MAJOR Australian industrial companies, Thiess Holdings and Pioneer Concrete Services plan to raise more than $A23m. through cash issues to shareholders. Thiess (civil engineering, coal mining and vehicle distribution) will raise $A15.3m. with a one-for-four rights issue, while Pioneer Concrete (a quarrying and ready-mixed concrete group) is seeking $A8m. through a one-for-eight rights offer.

The Thiess issue comes only 12 months after a simultaneous four-for-ten free issue and a $A9.57m. three-for-ten cash-raising exercise at $A1.15 a share.

The latest Thiess offer is at $A1.65 a share, compared with the current market price of $A2.10 and will lift the equity capital by another $A4.5m.

Thiess said that the funds raised would be used to finance expansion and new development projects throughout the group in Australia and overseas. Thiess did not elaborate further on this but its major concentration at present is in coal. Thiess is a 22 per cent. shareholder in the coal producing concern, Thiess-Peabody-Mitsui (TPM) which is endeavouring to develop a $A650m. coal operation at Nebo in Queensland.

The project has been delayed because Australian ownership should be at least 50 per cent. Last September, Thiess announced that it had j[oined a con]sortium of 13 U.S. u[tilities seek]ing to buy Peabody C[oal from its] owner, Kennecott Co[pper].

Trading by Thiess s[...] ber has confirmed i[...] per cent. profit incre[ase ...] also plans to clip i[...] from 8.75 cents a sha[re ...] a share after the iss[ue].

Pioneer concrete is [offering] shares at $A1.00 a [...] par with the mark[et ...] $A1.16. The comp[any ...] to maintain its annu[al ...] at 10 cents a share a[...] profits in the Decemb[er ...] had shown a significa[nt ...] ment in Australia a[...] gain overseas, partly [...] severe European w[...] tions.

Bank Hapoalim sees hard year ah[ead]

BY L. DANIEL

TEL AVIV

BANK HAPOALIM — Israel's second largest bank—reports total resources as at end-December 1975 of £2.8bn. sterling, reflecting a growth of 51 per cent. during 1974. Over the past seven years, the bank's total resources rose by approximately 22 times (on a consolidated basis total resources reached £2.9bn. on December 31, 1975).

Although the bank's ordinary operating profit, before tax, grew by 87 per cent. in 1975 to £30m., due to the doubled allocation for tax net profit was up only 41.3 per cent. at £9m. Hence the bank proposes to pay unchanged cash dividends of 12.5 per cent. on ordinary shares and of 15 per cent. on ordinary preferred, plus 20 per cent. bonus shares (30 per cent. in 1974).

Commenting on the past year's operations, the bank's director, Yaacov Levinson, pointed out that three factors were responsible for the reduced profitability reported by the Israeli banking system as a [...] direct taxation; th[e] steep fines imposed [...] of Israel on any cre[dit] beyond that allow[ed ...] extremely tight liqui[dity ...] tions; and, thirdly, t[he] rise in costs.

He predicted that a "very hard year." [...] did not expect a maj[or ...] in the economy, but r[...] in selected sectors. [...] this, the bank was [...] expand its activities [...]

Murayama fails to honour bills

THE MURAYAMA Company's senior managing director, Sadabumi Marayama, said that the textile company could not honour bills totalling Y210m. last Friday because its banks refused to advance the required funds.

He told a Press conference that the company plans to seek court protection to reconstruct its business under receivership.

The main causes of its failure were the "oil shock," recession in the textile market, and the national railwaymen's strike in December, he said.

The Tokyo stock exchange said that it suspended trading in the company's shares this afternoon and is investigating Murayama's financial position.

Reuter

Toyota plans

TOYOTA MOTOR said that it plans to cut its workforce by 10 per cent. over the next five years, while raising vehicle output by 5 to 6 per cent a year.

The company plans to drop about 4,000 workers from its 44,000 workforce through retirements, resignations and reduced hirings. Hirings this year will probably drop to 2,200, from 2,600 last year and 3,600 in 1974, it said.

Output will be increased by greater mechanisation, including robots, and improved worker efficiency.

Japanese steel

OSAKA IRON and Steel said that it and Otani Heavy Industries agreed to complete their merger by June.

Osaka Steel, capitalised at Y2.16bn. and Otani, capitalised at Y690m., are two of four mills in the open hearth and electric furnace field, affiliated with Nippon Steel, which last month reached basic agreement on a merger to combat recession.

Nippon Stetsu Kogoyo is expected to join the scheme while Tokai Steel is holding up a final decision, Osaka Steel said.

Pertamina loans

THE INDONESIAN Government has provided the State-owned Pertamina Oil Company with around $1.79bn. to help it pay its debts, of which about $1.5bn. is for foreign debt, Finance Minister Ali Hardana[...] ment.

The Minister dismi[ssed sugges]tions that Pertan[ina was] heading for bankrup[tcy ...] that whether or not t[he company] was losing ground wo[uld be] known after a balanc[e sheet] drawn-up by the end c[...]

Answering a questio[n, he] said that Pertamina [had] paid the State treas[ury ...] obligations and thos[e of] foreign oil firms total[...]

Reuter

Austrian Airlin[es]

AUSTRIAN AIRLIN[ES ...] ing profit rose 100m. [...] last year to 245m. Sch[...] passenger load facto[r ...] 1.4 per cent. to 47.7 p[er cent.]

This year, the air[line plans] to invest 458.2m. [...] against 435m. in 1[975 ...] includes 159m. for [...] DC9-51, to be del[ivered in] December.

Sandoz to hold divide[nd]

BY JOHN WICKS

ZURICH,

THE BOARD of the Swiss chemical operation Sandoz of Basle states that it seems likely that the dividend for [...] be held at its previ[ous level] judging by the curren[t] position. In 1974, t[he] company paid a di[vidend of] Sw.Frs.52.50 gross per [share].

Figures issued for [...] show that group turr[over ...] 2.1 per cent. to Sw.F[...] (Sw.Frs.4bn.), due to a [...] cent. drop to Sw.F[...] (Sw.Frs.1.33bn.) in [...] sales. In other secto[rs] turnover showed incre[ases over] the year of 4 per [cent. to] Sw.Frs.2.13bn. for p[harmaceu]ticals, 5.4 per c[ent. to] Sw.Frs.251.8m. for ag[rochemi]cals and 2.5 per [cent. to] Sw.Frs.389.4m. for diet[...]

The overall 2.1 p[er cent.] decline in sales is att[ributed] to both the worldwide [...] and exchange rate deve[lopments]. Without exchange losse[s, says] the Board, group turnov[er would] have been up by 9 per c[ent. on] 1974 levels. In terms [of local] currencies, dyestuff sa[les were] down by only 4 per cen[t., while] pharmaceuticals rose b[y ... per] cent. and agro-chemic[als and] food by 14 per cent. res[pectively].

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	102½	103½
Ashland 8pc 1987	93½	94½
Australia 9pc 1987	93	94
Borregaard 9½pc 1989	96½	97½
Broken Hill 10pc 1989	104½	105½
Carrier 8pc 1987	92½	93½
Conoco 8pc 1985	99½	100½
Consd. Foods 7¾pc 1991	91	92
Cutler Hammer 8pc 1987	93	94
EIB 9¾pc 1985	101½	102½
ERAP 9¾pc 1985	101½	102½
Esso 8pc 1986 Nov.	100½	101½
General Cable 8½pc 1987	91	92
General Motors 8½pc 1985	103½	104½
Granges 9½pc 1985	99½	100½
GTE 8½pc 1986	97½	98½
New Zealand 9½pc 1982	102½	103½
Pacific Light 8pc 1988	94½	95½
Prov. of Quebec 7½pc 1989	88½	89½
Quebec Hydro 8½pc 1989	99	100
Queensland 8½pc 1987	92½	93½
Scanraff 8½pc 1988	98½	99½
Shell 8pc 1988	99½	100½
Stand. Oil (Ind.) 8½pc 1988	100½	101½
Tenneco 7½pc 1987	90½	91½
Transocean 8pc 1986	99½	100½
Utah 9pc 1987	95½	96½
Volvo 9½pc 1985	101½	102½

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	87	89
Ashland 5pc 1988	81	83
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4¼pc 1992	102	104
Borden 5pc 1992	94	96
Broadway Hale 4¼pc 1987	75	77
Canon Camera 7¼pc 1989	105	107
Carnation 4pc 1987	81	83
Chevron 5pc 1988	101	103
Dart 4½pc 1987	89	91
Eastman Kodak 4½pc 1988	120	122
Economic Labs. 4½pc 1987	82	84
Eidai 7½pc 1989	86	88
Fed. Dept. Stores 4¾pc '85	126	128
Firestone 5pc 1988	92	94
Ford 6pc 1986	92	94
Ford 5pc 1988	81	83
General Electric 4¼pc 1987	87	89
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	88	90
Gulf and Western 5pc 1988	94	96
Harris 5pc 1992	77	79
Honeywell 6pc 1986	82	84
ITT 4½pc 1987	71	73
Komatsu 7½pc 1990	106½	108
J. Ray McDermott 4¾pc '87	131	133
Mitsui 7¼pc 1990	106½	108
J. P. Morgan 4¾pc 1987	115	117
Nabisco 5½pc 1988	95	97
Owens Illinois 4½pc 1987	98	100
J. C. Penney 4½pc 1987	83	85
Pioneer 8½pc 1989	209	214
Rank 4½pc 1993	49	51
Revlon 4½pc 1987	100	102
Sperry Rand 4¼pc 1987	96	98
Squibb 4½pc 1987	83	85
Texaco 4¼pc 1988	75	77
Toshiba 6½pc 1990	102½	104
Union Carbide 4¼pc 1982	123	125
Warner Lambert 4½pc 1987	94	96
Warner Lambert 4½pc 1988	81	83
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

NOTES	Bid	Offer
Air France 9½pc 1982	101½	102½
Ardal 9½pc 1980	101½	102½
Aust. Ind. Dev. 10½pc 1981	103½	104½
Barclays 9½pc 1983	100½	101½
Cie Ntl. du Rhone 10pc '82	103½	104½
Du Pont 7½pc 1978	101½	102½
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1978	100½	101½
Montreal 9½pc 1981	101½	102½
Nippon Steel 9½pc 1980	102½	103½
Norway 9pc 1980	102	103
Skand. Enskilda 10½pc '81	105½	106½

Source: White Weld Securities.

)MPANY NOTICES

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Inder deduction of 20% Japanese Withholding Tax = U.S.$0.16
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e Bank of Tokyo Ltd.,	Paris, France.
e Bank of Tokyo Trust Company,	New York, U.S.A.
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)TRACTS AND TENDERS

REPUBLIQUE ALGERIENNE
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MINISTERE DE L'INDUSTRIE ET DE L'ENERGIE
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uatre) grues de 100 tonnes sur chenilles
our) 100-ton cranes on caterpillar wheels
ine) grue de 300 tonnes sur chenilles
ne) 300-ton crane on caterpillar wheels"
RA, 2 boulevard Mohammed V, ALGIERS (Algeria) 'ebruary 28, 1976, at the latest.
· are binding for a period of 90 days.
ıder not complying with the above requirements will aken into consideration.

Promotions procedure 'to improve'

By Nicholas Leslie

ALTHOUGH many companies consider internal promotions to have been more successful than external management appointments and feel their management promotions and appointments to have been either very successful or fairly successful, few seem to have adequate methods for evaluating their success.

This is one of the conclusions drawn by a survey just published by the British Institute of Management.

Called Identifying Managerial Potential, the survey also concludes that such identification, together with development of managerial potential, are areas in which a more systematic effort could be made by most organisations.

Drawing on present practice and thinking on the selection of managers for promotion in over 240 companies, the survey finds that many companies are aware of their inadequacy in this field and are intending to improve in the future.

The majority favour filling most management vacancies by internal promotion and 87 per cent. of those surveyed had standard policy to this effect.

In 49 per cent. of companies a separate function or section existed for management development and 56 per cent. had formal procedure for management succession, the larger companies commonly having a specialised department for this function.

In 75 per cent. of companies there were formal appraisal schemes—and, while the majority considered their schemes to be "results" rather than "personality" orientated, this was not borne out by the specimen forms and instructions which 85 companies submitted.

Three-quarters of those with appraisal schemes included special questions about managerial potential and virtually all considered past appraisals to be an important part of the method of deciding on promotions.

BIM Management Survey Report No. 27—Identifying Managerial Potential, by Roger Holdsworth, BIM Publications Dept., Management House, London WC2B 5PT; £6 to member-organisations; £9.60 to BIM individual members; £12 to others.

CLYDESDALE BANK
Interest Rates

The Clydesdale Bank Ltd. announces that with effect from 9th February, 1976, its Base Rate for lending is being decreased from 10% to 9½% per annum.

Little improvement seen in demand for paper

BY LORNE BARLING, INDUSTRIAL STAFF

DESPITE A temporary increase in demand for paper and board products in December and January, there remains no real sign of an overall improvement in the industry's immediate prospects, according to industry sources.

Annual production figures, released by the British Paper and Board Industry Federation yesterday, showed that output last year was 21 per cent. down on 1974. At that level it is unlikely that many companies will show a profit on the year's papermaking operations.

The temporary upturn at the end of last year is believed to have been the result of marginal re-stocking by retailers, but few companies are expected to return to profitability before the second half of this year at the earliest.

In the printings and writings sector it is predicted that production this year should show an improvement of about 12 per cent. on 1975, but that would be about 14 per cent. below output in the boom year of 1974.

Similarly, output of board this year is expected to be 8 per cent. above that of 1975, but 15 per cent. below the 1974 figure, indicating a slow return to anything near capacity output. Nevertheless, some board manufacturers have expressed greater optimism about prospects this year.

The increase in confidence is also borne out by the view of the British Printing Industries Federation, which is that the period between now and May will be one of consolidation for their industry. During that period 72 per cent. of companies in a recent survey expected volume of production to remain steady.

Much of the expected improvement in performance and prospects for printing companies is attributed to success in export markets. More than 80 per cent. of companies engaged in export markets expected to raise deliveries there between February and May.

PRODUCTION OF PAPER AND BOARD

	Dec. 5 weeks 1975 '000 Metric Tonnes	January-Dec. 52 weeks 1975 '000 Metric Tonnes	12 mnths. 1975 of 12 mnths. 1974
Newsprint	33.3	318.8	−17%
Printing and writing, papers and boards	78.0	893.1	−26%
Food wrappings	4.1	45.4	−25%
Kraft wrappings	12.9	146.5	−22%
Other wrapping and packing papers	72.9	774.8	−20%
Household, toilet papers and tissues	28.1	350.3	+ 1%
Other tissues	1.4	17.6	−12%
Industrial and special purpose papers	17.9	181.3	−24%
SUB TOTAL	248.6	2,727.7	−20%
Packaging boards	55.1	655.2	−26%
Boards for industrial and special purposes	15.7	188.3	−10%
Other boards	4.3	44.7	−12%
TOTAL BOARD (excluding printing and building board)	75.1	888.2	−23%
TOTAL PAPER AND BOARD (excluding building board)	323.7	3,615.9	−21%
Building Board	1.7	18.3	−19%
TOTAL PAPER, BOARD AND BUILDING BOARD	325.5	3,634.3	−21%

Totals do not always add due to rounding

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Profit-taking cuts back earlier gains

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 9.

MODERATE GAINS were scored on Wall Street to-day after a late revival of profit-taking cut into an earlier rally on bargain hunting.

The Dow Jones Industrial Average finished 2.28 up at 957.18, after regaining 8.10 to 963.00, and the NYSE All Common Index recovered 13 cents to $53.10, while rises led falls by a near two-to-one majority. Trading volume, however, further decreased 2.02m. shares to 25.34m.

Traders continued to view favourably the outlook for the U.S. economy, and also were impressed by the drop in the January unemployment rate to 7.8 per cent. from 8.3 per cent. reported by the Labour Department. In addition there was a jump in consumer debt in December indicating an increase in consumer confidence in the economy.

Olin moved up $2¾ to $42¼ on plans to increase its annual hydrazine hydrate capacity to over 30m. pounds, tripling its capacity from current levels.

Heavily traded Penn Central climbed a further $⅜ to $3¼ on 624,200 shares.

Last Thursday President Ford signed a Bill establishing the consolidated Rail Corp. and said he thought the Bill would succeed in the reorganisation of the Penn Central and other ailing North-Eastern Rails.

Gulf Resources and Chemical picked up $1¼ to $20⅛—it has "no knowledge" of an offer by Beker Industries to acquire Gulf shares. Beker rose $⅛ to $13⅞.

American Medicorp advancede $⅞ to $7⅞—its proposed purchase of its own shares from its former chairman without specific approval from five stockholders may be in violation of Exchange policy.

Singer gained $1⅛ to $15⅜ on 248,100 shares. Superscope added $1⅞ at $31⅞, and Georgia Pacific $1 at $48⅞.

But KLM Royal Dutch Airlines came back $4 to $43.

Coastal States Gas gave way another $⅞ to $10⅞—the Federal Energy Agency challenged its domestic products pricing and prohibited any increases until further notice.

Inspiration Consolidated Copper sank $1⅞ to $22 on its fourth quarter and year losses and dividend omission.

Johns-Manville tacked on $⅞ at $26⅝—it reported year net of $2.04 ($2.73) but analysts said latest results were better than expected.

The American SE Market Value Index rose 0.42 to 97.58, while advances led declines by 446 to 285.

Gulf Republic Financial gained $1½ to $8⅞ on its offer to repurchase 450,000 Common shares at $8.50 each.

Tuftco were lifted $2⅞ to $6—it agreed to sell its business to Varlen for about $13m.

Canada mixed

Canadian Stock Markets were narrowly mixed in moderate trading yesterday.

The Industrial Share Index rose 0.45 to 188.24, Utilities put on 0.47 to 137.29 and Banks gained 0.42 to 243.22. But Golds gave way 2.65 to 268.64. Base Metals shed 0.07 to 83.12. Western Oils lost 1.39 to 209.96 and Papers dipped 0.59 to 118.72.

National Sea Products "A" were lifted $2¼ to $12¼. Canadian Pacific put on $⅜ to $15⅞ on higher fourth quarter but lower 1975 results.

OTHER MARKETS

PARIS — Most sectors lost ground but gains outnumbered losses in Motors, Constructions, Stores and Electricals.

Rhone-Poulenc eased Frs.0.9 to Frs.107.2 on a net consolidated loss for 1975, and Creusot-Loire fell on reports of a forthcoming share issue.

U.S. stocks were mixed, Germans firmed strongly, Dutch, International Oils and Coppers weakened, while Golds were steady.

BRUSSELS—Mostly lower in moderately active trading.

Steels fell, Electrical and Utility stocks were lower. Metals gave ground, Chemicals declined. Oils eased, while Holdings were steady.

U.S. shares finished mixed to lower. Dutch stocks eased, Germans steady, while French issues were mixed. South African Gold Mines improved a little.

AMSTERDAM — Widespread decline.

Most State Loans edged lower.

GERMANY—Most shares lost ground in dull trading as Foreign Exchange Market uncertainty discouraged buyers.

Banks were lower. Electricals weakened. Chemicals declined across the board. Motors lost ground, as did Machine Makers. Steels were predominantly lower, while Metals were mixed to lower.

Minings and Stores declined, Utilities were lower, while Breweries were about steady.

Bonds were up to 0.35 points firmer, with the Authorities selling DM10m. nominal of stock to the market.

SWITZERLAND—Slightly lower in generally quiet dealings.

Leading Banks and Insurances were barely steady, while Financials were little changed.

Sandoz lost Sw.Frs.75 to 5,375 on a lower turnover in 1975 and it will "probably pay an unchanged dividend."

State Bonds were quietly steady. Dollar stocks were irregular, while Dutch and German shares eased.

MILAN—Higher in active trading, attributed to speculative activities and to the possibility that a new Government would be formed soon.

OSLO — Industrials weakened slightly. Banks were steadier, while Insurances and Shippings were quiet.

VIENNA—Generally steady.

COPENHAGEN—Mainly easier in active trading.

HONG KONG—Mixed in decreased trading.

Hong Kong Bank moved up 30 cents to $HK21.40, Swire Pacific "A" 25 cents to $HK8.75, Hong Kong and Kowloon Wharf 10 cents to $HK16.10 and Hong Kong Dock 20 cents to $HK9.00. But Hong Kong Land were down 15 cents to $HK8.25, Hutchison 5 cents to $HK2.50, Jardine 10 cents to $HK26.00 and Wheelock "A" 2½ cents to $HK4.13.

TOKYO—Market lost ground, with dealers reserved on the possible impact of the Lockheed Aircraft political payments affair. Volume 160m. shares.

Market sentiment was also affected by the suspension of trading in Murayama Co., pending investigation into its reported financial trouble.

Scattered bright spots included Chugai Pharmaceutical, which gained Y18 to 458, and Hodogaya Glass, up Y59 at 729.

JOHANNESBURG—Gold shares were easier on general lack of interest. Mining Financials were little tested.

Platinums were virtually unchanged. In Coppers, Minorco lost 10 cents to R2.70. In other Metals, Msauli gained 5 cents to R3.17 but Gefco dipped 15 cents to R8.90.

Industrials were narrowly mixed.

AUSTRALIA — Widespread retreat under sustained selling pressure.

Pancontinental fell $A1.60 to $A13.60. Peko-Wallsend 28 cents to $A4.90, Queensland Mines 12 cents to $A2.18 and Kathleen 5 cents to $A1.48.

Poseidon, however, rose 5 cents to $A1.60.

BHP moved up 14 cents to $A6.88, despite its profits fall, but Comalco shed 2 cents to $A1.58 on lower results.

Herald Warrants eased 5 cents to $A2.20.

In Oils, Woodside-Burmah lost 9 cents to $A1.16.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Feb. 9	71.22	199.94	957.18	89.47	26,340
6	71.16	198.36	954.90	89.52	27,360
5	71.25	199.82	964.31	91.15	33,780
4	71.16	201.94	976.62	91.90	38,270
3	71.16	198.45	972.61	91.29	34,060
2	71.21	199.03	971.55	91.00	24,000
Jan. 30	71.26	199.35	976.28	90.67	38,510
29	71.50	198.06	968.75	91.07	29,800
28	71.13	196.84	951.35	90.65	27,370
27	70.92	197.26	957.81	90.75	32,010
26	70.94	197.26	961.61	90.65	34,470
23	70.90	197.38	955.95	90.62	33,640
22	70.85	195.57	945.48	89.88	27,420
21	70.85	195.77	946.24	90.24	34,470
20	70.75	197.42	949.56	90.39	36,690
19	70.67	196.08	945.72	90.30	29,450
16	70.66	191.32	929.65	89.95	26,940
15	70.54	190.55	924.51	89.54	38,460
1975-76 High	71.25 (5/2/76)	201.94 (4/2/76)	976.62 (4/2/76)	91.90 (4/2/76)	—
Low	66.18 (5/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	278.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	38,510 (30/1/76)
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Feb. 6	Jan. 30	Feb. 7, 1975
3.91	3.85	5.36

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975-76 High	1975-76 Low	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Feb. 3
54.24 (4/2/76)	37.66 (2/1/75)	53.10	52.97	53.44	54.24	53.60

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,915	994	519	400

	Feb. 9	Feb. 5	Feb. 4	Feb. 3	Feb. 2
New Highs	142	228	387	508	212
Lows	one	2	nil	one	Nil

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975-76 High	1975-76 Low	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Feb. 3
98.32 (4/2)	62.20 (2/1/75)	97.58	97.16	97.94	98.32	97.04
Volume (000's)		2,850	5,080	4,800	5,580	5,060

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Feb. 9	111.73	99.62
6	111.53	99.46
5	112.53	100.39
4	114.31	101.91
3	113.47	101.18
2	113.12	100.87
Jan. 30	113.10	100.56
1975-76 High	114.71 (4/2/76)	101.91 (4/2/76)
1975-76 Low	77.71 (8/1/76)	70.74 (8/1/76)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Jan. 28 1976	Jan. 21 1976	Feb. 5 1975
Ind. Ord. p/e ratio	13.57	13.53	8.84
Ind. Ord. yield pc	3.42	3.42	4.34
Long-term Govt. Bds. per cent.	5.83	5.81	6.21

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Penn Central	660,800	3¼	+⅜
Coastal States Gas	454,000	10⅞	−⅞
Singer	336,000	15⅜	+1⅛
Citicorp.	310,900	32⅞	−⅜
Evans Products	262,500	7⅞	+⅛
Amer. Tel. and Tel.	228,400	54⅜	−⅛
Arvet	229,800	17⅞	+1⅛
Westinghouse Elec.	221,000	15⅞	+⅛
Winnebago	196,500	8⅞	+⅛
Polaroid	183,200	39	+⅞

TORONTO

INDUSTRIAL INDEX

Feb. 9	Feb. 6	1975-76 High	1975-76 Low
188.24	187.79	196.50 (15/7)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Feb. 9	Feb. 6	1975-76 High	1975-76 Low
185.94	185.68	205.61 (15/7)	150.08 (2/1)

COMBINED INDEX

Feb. 9	Feb. 6	1975-76 High	1975-76 Low
189.36	189.04	198.00 (15/7)	158.05 (2/1)

JOHANNESBURG

	Feb. 9	Feb. 6	1975-76 High	1975-76 Low
Industrials	214.6	215.6	229.9 (16/7)	183.2 (23/1)
Golds	212.6	211.7	379.1 (2/1)	199.2 (9/12)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Feb. 5	Jan. 29	Jan. 22
On Dividends	5.56	5.43	5.44
On Earnings	9.26	8.97	8.99

SYDNEY ALL ORD. INDEX

Feb. 9	Feb. 6	High 1975-6	Low 1975-6
446.00	449.90	472.85 (25/11/74)	289.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Feb. 9	Feb. 7	High 1975-6	Low 1975-76
334.57	336.32	342.84 (1/2/76)	268.24 (10/1)

HONG KONG INDEX φ

Feb. 9	Feb. 6	High 1975-6	Low 1975-6
410.76	412.07	434.48 (4/2/76)	160.42 (9/1)

SINGAPORE INDEX §

Feb. 9	Feb. 6	High 1975-6	Low 1975-6
276.41	277.58	286.16 (3/2/76)	153.26 (8/1)

EUROPE

	Feb. 9	Previous	1975-6 High	1975-6 Low
Belg'm (a)	111.99	113.02	113.81 (5/2/76)	89.07 (2/1)
Denm'k (b)	101.86	102.29	107.79 (27/1/76)	73.06 (13/1)
France (d)	70.0	70.2	72.6 (25/4)	61.70 (2/1)
Germ'y (e)	791.1	796.7	797.0 (6/1/76)	673.6 (2/1)
Holland (f)	103.2	104.1	107.6 (6/5)	83.2 (2/10)
Italy (g)	86.88	85.96	108.86 (21/2)	75.41 (17/10)
Spain (h)	—	94.59	110.96 (22/4)	91.86 (19/9)
Sweden (k)	419.63	416.69	419.63 (9/2/76)	310.6 (9/1)
Switz'rl'd (m)	292.3	296.5	297.7 (16/1/76)	206.5 (2/1)

Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. φ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

D-mark firmer

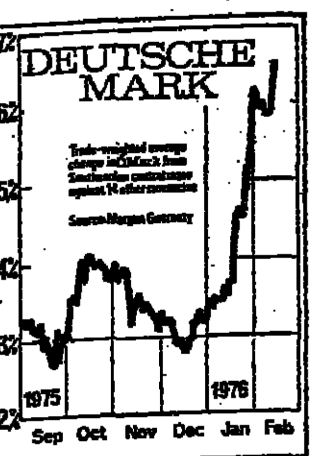
The West German mark improved sharply in the foreign exchange market yesterday, on speculation that the currency may be realigned at a higher level within the European "snake." It finished at DM2.5587 in terms of the U.S. dollar, compared with DM2.5760 on Friday, and its trade-weighted average appreciation, as calculated by Morgan Guaranty on noon rates, improved to 16.51 per cent. from 15.88 per cent.

The recent unrest surrounding European currencies continued yesterday, following an 11 per cent. devaluation of the Spanish peseta. The weaker units, for example the French franc, were under some pressure, and the dollar also lost ground.

Sterling's trade-weighted average depreciation, as calculated by the Bank of England, widened by 0.1 per cent., to its lowest-ever closing level at 30.3 per cent. It stood at 30.3 per cent. at noon and 30.2 per cent. in early dealings. The pound's depreciation last touched 30.3 per cent. during trading in the early part of December. Sterling opened at $2.0260-2.0270 against the dollar and touched a best level of $2.0295-2.0305, before closing at $2.0275-2.0285, a gain of 10 points on the day.

The dollar's trade-weighted depreciation on the Morgan Guaranty basis, widened to 2.80 per cent. from 2.66 per cent. The French authorities gave further support to the French franc by selling dollars and German marks.

Gold lost $⅞ to close at $129½-130½. The krugerrand finished at $133½-135½ (£66-67) in both the domestic and international markets. Its premium over the gold content recorded little change at 3.08 per cent.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to	Feb. 9	Feb. 6
Sterling	0.577125	0.577616
U.S. dollar	1.17064	1.17152
Belgian franc	45.6247	45.9353
Deutsche mark	2.99824	3.01549
French franc	5.23013	5.51495
Italian lira	—	—
Japanese yen	352.831	353.213
Dutch guilder	3.11917	3.12210
Swedish krone	5.11394	5.11954
Swiss franc	3.02259	3.02259

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Feb. 9	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfu't	—	2.556-557	57.20-30	6.52-55	5.190-205	96.0-10	99.15-25
N. York*	38.83-86	—	22.32-34	2.545-547	2.0270-029	37.46-48	38.56-58
Paris	174.40-80	4.4625-4730	—	11.36½-41½	9.0665-0210	167.325-725	172.0-75.3
Brussels	15.32-36	39.15-18	5.78-76	—	79.43-56	14.70-72	15.20-33
London	5.18½-19½	2.0275-85	9.07½-08½	79.46-65	—	5.39½-40½	5.21½-22½
Am'erdam	104.105-155	2.6632-57	59.655-705	6.8035-55	5.4065-4115	—	103.255-505
Zurich	100.69-81	2.5740-55	57.43-66	6.56-57	5.2215-65	96.62-72	—

U.S. $ in Montreal. U.S. $=99.62-64 Canadian cents. Canadian $ in New York $C=100.35-37 U.S. cents. U.S. $ in Milan closed. Sterling in Milan closed. *Rates for Feb. 6.

EURO-CURRENCY INTEREST RATES*

Feb. 9 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	8⅞-8⅛	4⅝-5⅛	7¼-8¼	4¼-4½	3¼-3½	1¾-2
7 days notice	8⅞-8⅛	4¾-5¼	8-9	4¼-4⅝	3¼-3½	1-1¼
Month	8¾-9⅛	4⅞-5⅝	8⅞-9¼	3 5/16-3 9/16	3 5/16-3 9/16	⅞-1
Three months	9¼-9½	5¼-5¾	9 1/16-9 7/16	5⅝-5⅞	3 7/16-3 11/16	1¼-1⅝
Six months	10-10¼	5⅞-6⅜	9⅛-9⅝	4-4¼	3⅞-4	2⅛-2⅜
One year	10⅝-10⅞	6⅝-7⅛	9 1/16-9⅓	4⅝-4⅞	4⅝-4¾	3 5/16-3 9/16

Euro-French deposit rate: short term 7½-7¾ per cent.; seven days' notice 7½-7¾ per cent.; one month 8½-8¾ per cent.; three months 8¾-8⅞ per cent.; six months 8¾-9 per cent.; one year 8¾-9 per cent.

Longer-term Eurodollar deposit: two years 7⅛-7⅜ per cent.; three years 7⅜-8⅛ per cent.; four years 8⅛-8⅜ per cent.; five years 8⅛-8⅜ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 5⅛-5 per cent.; three months 5⅛-5⅜ per cent.; six months 6-5⅜ per cent.; one year 6 11/16-6 9/16 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 9 1976
Gold Bullion (a fine ounce)	
Close	$129½-130½
Opening	$130-131
Morning fix'g.	$130.75 (£64.456)
Afternoon fix'g	$130.10 (£64.085)
Gold Coins (domestically)	
Krugerrand	$133-135 (£65½-66½)
New Sov'r'gns	$42½-44½ (£21-22)
Old Sov'r'gns	$41½-43½ (£20½-21½)
Gold Coins (internat'ly)	
Krugerrand	$133-135 (£65½-66½)
New Sov'r'gns	$43½-44½ (£21½-22)
Old Sov'r'gns	$40½-41½ (£20-20½)
$20 Eagles	$213-216
$10 Eagles	$104-107
$5 Eagles	$69-72

FOREIGN EXCHANGES

Feb. 9 1976	Bank Rate %	Day's Spread
New York	6½	2.0255-2.0285
Montreal	9	2.0175-2.02
Amsterdam	4	5.39½-5.42
Brussels	6	79.35-79.75
Copenh'gen	7½	12.36-12.48
Frankfurt	3½	5.18-5.22
Lisbon	6½	55.00-55.65
Madrid	7	135.50-135.8
Milan	7	1,514-1,527
Oslo	5	11.17-11.21
Paris	8	9.04-9.09
Stockholm	6½	8.84-8.87
Tokyo	6½	607-615
Vienna	6	37.05-37.35
Zurich	2½	5.21-5.27

* Basic discounts. ‡ Given for convertible francs: closing 82.30-82.60.

OTHER MARKETS

Argentina	132.80-133.00
Australia	1.5984-1.6146
Brazil	18.60-18.80
Finland	7.76-7.77
Greece	70.294-72.022
H'ng Kong	10.14-10.16
Iran	135-141
Kuwait	0.588-0.598
Luxemb'g.	79.45-79.65
Malaysia	5.1860-5.2060
N. Zealand	1.9285-1.9447
Saudi Arab.	7.08-7.18
Singapore	5.0085-5.0515
S. Africa	1.7645-1.7719
U.S. cents	100.43-100.46

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per $1—113¾% (same).

NEW YORK

Stock	Feb. 9	Feb. 6
Addressograph	11⅝	11⅝
Aetna Life & Cas.	23⅞	23¾
Air Products	76¾	77⅛
Corning Glass	54¼	54¼
CPC Int'nation'l	45⅜	45⅛
Crane	64½	64½
Crocker Nat.	25¼	25¼
Crown Zellerbach	42¾	42
Cummins Engine	23½	23¼
Johns Manville	26⅝	26
Johnson Johnson	93¼	93⅜
Johnson Control	17¾	17½
Joy Manufactur'g	41½	41¼
Kaiser Alumin'm	33	31⅝
Kaiser Industries	10⅝	10⅛
Reading	2¾	2⅝
Republic Steel	34¾	34½
Revlon	76	76
Reynolds Metals	35⅝	34
Reynolds R. J.	64⅜	64
Rich'son Merrell	24¾	25⅛
Zenith Radio	31⅝	30⅝
Chile 3% 1993	87½	87½
Peru 3% 1993	—	—
U.S.Treas.5¾%1974	†100	†100
U.S.Treas.4¼%1980	†89¼	†89¼
U.S.Treas.4¼%75/85	†81¼	†81¼

GERMANY ♦

Feb. 9	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	97.5	−1.2	—	—
Allianz Versich.	420	−5.5	17	2.1
B.M.W.	372	−1	14	2.5
BASF	168.2	−0.3	17	-
Bayer	139.5	−0.3	17	5.7
Bayer Hypo.	319	−1	18	2.8
Bayer Vereinsbk.	322.5	−3.0	20	2.7
Commerzbank	204	−2	18	4.3
Contl. Gummi	104	+0.5	—	-
Daimler	357	−5.5	16	2.1
Degussa	239	−0.8	15	3.7
Demag	167.5	−0.5	—	—
Deutsche Bank	322.5	−3.5	20	3.1
Dresdner Bank	254.8	−1.2	18	3.5

MILAN

Feb. 9	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	865	+6	—	—
ANIC	802	+7	60	7.6
Ausonia Fin.	4,580		130	2.8
Bastogi	1,231	+11	70	5.7
Breda	2,401	+1	165	6.3
Burgo	10,100	−110	200	2.1
Cantoni	7,480	+40	200	2.7
CIGA	2,370	+123	—	—
Cucirini	4,922	+62	250	5.1
Dalmine	488	+18	50	1.1

AUSTRALIA

Feb. 9	Aust. $	+ or −
Acrow Australia	†0.84	+0.02
Adelaide Brighton Cent 50c	†1.17	
Allied Mnfg.Trdg.Indus.$1	†2.0	
Ampol Exploration	†0.95	−0.03
Ampol Petroleum	†0.61	
Assoc. Minerals	†3.0	
Assoc. Pulp Paper $1	†1.01	
Aust.Cons Industries	†1.40	
Aust. Foundation Invest.	†1.0	
A.N.I.	†1.20	
Aust. Oil & Gas	†0.12	−0.01

CANADA

PARIS

BRUSSELS/LUXEMBOURG

SWITZERLAND ♦

AMSTERDAM

TOKYO ♦

COPENHAGEN

STOCKHOLM

VIENNA

OSLO ♦

JOHANNESBURG

SPAIN ♦

FARMING AND RAW MATERIALS

New threat to cod supplies

Commodities Staff

...S COD supply situation ... a new threat because ... Government's "lack ..." in negotiations on ... mits, says the British ... Federation (BTF).
...ery in question is the ...a" in the north east ...ich would be con... Norway under a 200-mile limits.
... had "definite pro... or continued British ... the White Sea grounds ...mile limits were intro... BTF said in a state... yesterday. It added, ...hat Norway was grow... tient with British ...t delaying tactics and ... "one-sided"

...ce of negotiation is ... rapidly throughout ... and the lack of any ...rgency in the British ...t is very disturbing," ...sten Laing, president ...F. "All our oppor... slipping away from

...ed that, if the Nor... re to introduce their ...sures, these would be less favourable to ...an negotiated terms.

Guatemala disaster pushes coffee prices to new peaks

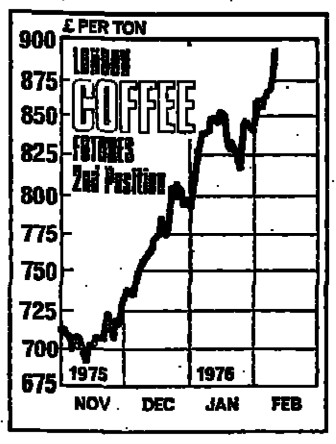
BY RICHARD MOONEY

WITH THE Guatemalan situation still dominating the market, London coffee futures values soared to new peak levels again yesterday.

The May position on the terminal market reached £899 at one stage, before closing at £894.5 a tonne, £16 higher than the pre-week-end level. In New York, the futures market quickly *rose the permissible 2 cents* a pound limit up in early trading.

Reports coming in over the week-end confirmed the market's worst fears over transport dislocation following the earthquake. The situation is aggravated by the fact that the Guatemalan crop was gathered late this year so that the shipment season is less advanced that it would otherwise have been.

Well over half of this year's 2m.-bag crop is believed to be still awaiting shipment, and as to have come to a halt, long delays are anticipated.



The renewed upsurge in New York on Friday night, plus news that General Foods had bought transport to the docks appears at high prices, encouraged a very strong opening tone in London yesterday. Continued buying pushed the July position through the £900 barrier in mid-morning.

Serious concern over a long-term decline in consumption was voiced, meanwhile, by delegates at the major green coffee trade convention in Boca Raton, Florida, last week. U.S. per capita consumption had fallen by about 30 per cent. in 13 years, it was claimed.

Delegates were also worried about tightening supplies, the expected shortage of Brazilian coffee until 1979 figuring high in Convenation priorities.

National Coffee Association president, Mr. George E. Boecklin, spoke of the chances of another boom and bust cycle, with oversupply again after three years.

Strong rise in tin market

By John Edwards, Commodities Editor

TIN PRICES moved up strongly again on the London Metal Exchange yesterday to reach the highest point since last August.

A small fall of only 35 tonnes in tin stocks held in LME warehouses, to 7,230 tonnes, was less than expected, but the market opened on a firm note following a rise in the Penang Straits tin price over the weekend.

The higher level attracted speculative buying, including stop-loss purchases, and physical demand was sufficient to offset profit-taking sales.

A feature of the market was that the three months high-grade quotation, in gaining £48.5, to £3,278.5 a tonne, established a premium of £27 over three months standard grade, which gained £36.5, to £3,251.5.

Despite reports of a squeeze on supplies, however, the cash prices of both standard and high-grade tin remain at a discount to the forward quotations. But if the Malaysian price remains above $M980 a picul, the buffer stock of the Tin Agreement will not be able to feed surplus supplies back onto the market.

Other metal markets were quiet. As expected, copper stocks rose by 2,025 tonnes, to 521,075, but speculative selling caused prices to ease.

Zinc stocks fell by 2,925 tonnes, to 49,525, in line with market prediction, but a decline of 1,650 tonnes in lead stocks, to 87,875, was more than anticipated. LME silver holdings fell by 460,000 ounces to 15,900,000.

TIMBER SUPPLIES

A dangerous gamble by U.K. importers

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

BRITISH SOFTWOOD importers are once again behaving irrationally and will soon be forced to replenish depleted stocks at a time when prices threaten to rise even more violently than during the 1973 boom.

They have been hoping for a further fall in producer prices in Sweden and Finland, knowing that the saw mills are holding heavy, unsold stocks. In reality prices have started to recover and Nordic producers are under no pressure to export to Britain at the prices now offered by importers.

This is the message from Mr. Stig Uhlin, a young research worker at the University of Umea in northern Sweden, who has spent three years studying price, stock and delivery fluctuations in the timber trade. If the message seems suspect at a time when British importers and Swedish producers are playing a game of nerves, Mr. Uhlin can produce a formidable array of computerised statistics to back up his claims.

The main aim of his research has been to work out forecasting systems, which would enable Swedish saw mills to plan production more rationally, as they approach the limit of their forest resources.

He believes that the ECE Timber Committee is not coping with the situation and that it would benefit both producers and importers to co-operate in establishing a better market information system, which could help to reduce the violent price fluctuations characterising the industry over the last few years.

The short-term position on the British softwood market, Mr. Uhlin says, is that by not placing orders late last year—when prices were still low—importers gambled on the effect on prices of the anticipated timber offer from the Soviet Union. This effectively came in January at prices well below those of Swedish and Finnish timber, but cannot be expected to break the Nordic price front.

Price developments on the Continent and the British stock *position all favour the Swedes* and Finns, from whom Britain obtains some 45 per cent. of its softwood supplies.

The Swedes have been receiving orders from West Germany, the Netherlands, France and Denmark, which have already resulted in an upturn in prices. In the Netherlands, prices have risen by 30 per cent. since September.

Best quality pine which was bought for £65 a cubic metre in October is now being placed by Continental buyers at around £80.

Regarding the British stock position, Mr. Uhlin argues that importers' stocks in late November were only some 200,000 cubic metres above the extremely low level prevailing just before the 1973 boom. Despite the upturn in building activity in 1975 deliveries during the January-November period were 15 per cent. below those for the corresponding period in 1974. Stocks in the pipeline must, therefore also be low.

Ports blocked

Assuming that British consumption will be some 7m. cubic metres of softwood this year (the Malta Softwood Conference put the figure at 6.75m. cubic metres), only about 1.5m. can be supplied by the Soviet Union and some 3.5m. must come from the Nordic countries. However, no Soviet softwood can be expected before June, because of icing up of the ports.

British consumption in the first five months is expected to be about 3m. cubic metres. Even if importers' stocks could be reduced by a further 500,000 cubic metres and a similar amount taken from the pipeline, there would still be an urgent need for 2m. cubic metres. *Most of it would have to come* from Sweden and Finland. Despite heavy stocks at the saw mills output has been successively cut back until, by the end of 1975, production was running 25 per cent. below that of the 1974 average. At the same time, there is a severe shortage of saw logs in both Sweden and Finland.

Swedish saw log prices have doubled since the 1973 boom (labour and machinery costs have also climbed). There could, therefore, be problems in obtaining softwood supplies and, Mr. Uhlin predicts, the trade could be on the threshold of a price boom even more startling than the last.

Mr. Uhlin believes British importers are about to make as big a mistake as they made in 1973. A boom in softwood deliveries started in May, 1971, and petered out two years later. From mid-1973 onwards, however, there was a considerable growth in stocks at the same time as prices showed a nearly exponential increase.

Importers went wild, competing to fill their stocks with increasingly expensive softwood. They were speculating then on a supply shortage.

Now they are speculating on a surplus which, Mr. Uhlin's computer indicates, is likely to evaporate very quickly. When the real situation is appreciated, prices could rocket upwards, because Nordic production cannot be increased at the same pace as in 1973.

Malaysia hopes for new rubber rise

KUALA LUMPUR, Feb. 9.

...aysian Government ... further rise soon in ...es, to 200 cents per ...SS 1, said Treasury ... General, Datuk ...yub.
...rice rises, to around ...r kilo, indicated that ...ian economy would ... recovery, he said.
...n, however, traders ... said they were ...t a 200 cent per kilo ...SS 1 rubber would ... soon. Reuter

GHANA COCOA PURCHASES

ACCRA, Feb. 9.

... of main crop cocoa ... week of the season, ...ary 5, are estimated ...g tons, according to ... Cocoa Marketing ...orts Reuter. This ... crop purchases this ...68,701 long tons.
... purchases in the 19th ... last season, ended ...4, were estimated at ... which brought the ... total to 351,762 tons.
...n, May cocoa futures ...minal market closed ... £741 a tonne.

Chicago chemical market formed

BY RHYS DAVID, CHEMICALS CORRESPONDENT

A NEW EXCHANGE for trading in spot parcels of a range of chemicals has been set up in the U.S. and may later be extended to Europe.

The American Chemical Exchange, as it is called, is based on Chicago. It has attracted more than 100 members already, after its first few weeks of operation.

The list of products to be traded includes more than 50 chemicals, details of which are kept in a computer. When a producer member has a product to sell the relevant information is fed into the computer, including price and location, and the details are reproduced for potential buyers.

When a match between seller and buyer has been arranged, the Exchange handles the transfer of funds and arranges for the transportation, the identity of both parties remaining secret throughout.

Companies are charged $250 for joining, but the main source of income for the Exchange is a commission of between 1 and 5 per cent. taken on deals. So far the Exchange—headed by a former pension fund manager and associates—is said to be receiving 50 inquiries a day, a much higher initial response than had been expected.

The organisers are expecting the operation to prove particularly useful when demand for chemicals has further recovered in the U.S. and shortages have begun to develop in specific products at particular times.

The market, claimed to be the first commodity market for manufactured products in the U.S., is expected to prove most attractive to smaller concerns on the producers' side. The big companies will generally have facilities to handle their own spot market trades.

The biggest U.S. chemical concerns—such as Du Pont, Dow and Monsanto—have not joined so far, but a spokesman for the Exchange in London said a number of "billion dollar producers" had been signed up.

The organisers claim that they will be aiming only for the 10-15 per cent. of chemicals business which is carried out on a spot basis. They will not be seeking to compete with manufacturers, or to interrupt their normal commercial transactions with customers.

Establishment of the Exchange follows a number of previous attempts at such an operation in the U.S. and Europe in recent years.

Phosphate mine sold

BY JAMES BUXTON

SPAIN HAS sold 65 per cent. of the Bu Craa phosphate mine in Western Sahara to Morocco, it has been confirmed in Madrid. The Government-owned holding company, National Institute of Industry (INI), is to retain the remaining 35 per cent.

The takeover by Morocco of a majority stake in the mine, which has phosphate reserves estimated at 1.7bn. tons—among the world's largest—was negotiated when King Hassan of Morocco called off his march of 350,000 people into Western Sahara last November.

Sources close to the phosphate industry believe that if the outcome of the present guerilla war in the territory goes in Morocco's favour, the Bu Craa mine will remain out of production for some years.

Morocco accumulated a 7m. ton unsold surplus last year (its production target was 22m. tons) and recently announced that it had dropped its posted price from $68 to $48.5, backdating the reduction to the beginning of January.

In practice, Morocco is prepared to sell at a substantial discount on the posted price. As a result the Office Cherifien des Phosphates—the Moroccan state phosphate concern—has no interest in seeing the reopening of Bu Craa.

Bid to clear Zambian copper backlog

DAR ES SALAAM, Feb. 9.

MORE THAN a third of the 60,000-tonne backlog of copper here is being loaded on to ships, said a Zambian copper industry representative, Mr. K. Mabaso.

He hopes to clear the total backlog and solve the congestion problem at the port by bringing in several direct loader ships this month, which will arrive empty and immediately load substantial quantities of copper.

Meanwhile, Tanzanian Communications and Transport Minister, Mr. Alfred Tandau, denied a report in Kenya's Daily Nation newspaper that Zambia would resume copper exports through the Kenyan port of Mombasa. Reuter

Trading in U.S. commodity futures rises

WASHINGTON, Feb. 9.

TRADING ON U.S. commodity futures exchanges last year rose by more than 16 per cent. in volume and nearly 5 per cent. in dollar value over the 1974 performance, said the Commodity Futures Trading Commission (CFTC).

Mr. William Bagley, CFTC chairman, said the continued growth in futures trading meant that institutional hedgers and speculators, as well as the general public, were gaining confidence in the fairness and honesty of the market.

Trading on all U.S. commodity exchanges last year amounted to just over 32.2m. contracts, valued at $598.027m., the Commission said.

Dealings in maize, traditionally one of the heaviest-traded grain futures, was the volume leader in 1975, with contracts totalling 5,637,222, up 3.63 per cent. from 1974. However, the value of these contracts declined by 4.91 per cent. during the year, to $73.185m.

The estimated value of soyabean futures contracts, the largest in value, rose by 14.03 per cent. during the year, to $120,105m., while the number of contracts increased by almost 39 per cent. to 4,570,936.

The number of silver contracts rose by 54.3 per cent., to 5,300,195, valued at $110,825m. which was 22.85 per cent. above the value of trades in 1974, the commission said.
Reuter

COMMODITY MARKET REPORTS AND PRICES

METALS

[illegible]

TIN—Sharply higher. Chartist and stop-loss buying coupled with Continental demand and covering against physical sales pushed prices higher following the rise in Penang over the weekend which took that price back into the neutral range of the ITC agreement. Standard forward metal ended at the day's top of £3,260, the highest since late August. The widening of the premium of High Grade forward metal over three-months [illegible]

[illegible]

COFFEE

Robusta terminal opened about steady. Sharp gains were made in afternoon trading. [illegible]

RUBBER

[illegible]

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

COCOA

[illegible]

WOOL FUTURES

[illegible]

FREIGHTS

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

BIBLE IN MORE LANGUAGES

The United Bible Societies have now issued at least one book of the Bible in 1,577 languages and dialects, an increase of 28 languages in a year.

EEC clamps down on rice imports

BRUSSELS, Feb. 9.

THE EEC Commission has temporarily cut the validity of rice imports certificates to 30 days (from two months) because of a speculative upsurge in demand for them, EEC sources said.

They said demand in the first five months of the current rice year totalled 247,675 tonnes of husked rice, against 110,215 in the same period last year. This was because of persistently lower world prices, which encouraged traders to prefix import levies.
Reuter

W. EUROPE SUGAR OUTPUT TO RISE

RATZEBURG, Feb. 9.

West European sugar output for 1975-76, of 13,998,000 tonnes, compared with 12,153,000 the previous year, is forecast here by the International Association for Sugar Statistics.

EEC countries' share of West European output is put at 10,345,000 tonnes, against 9,114,000 for 1974-75.
Reuter

HIGHER ZINC DEMAND FORECAST

Consumption of zinc will rise about 22 per cent. this year and a further 19 per cent. in 1977, Commodities Research Unit of London forecasts in a study of the zinc market.

It says producers will continue to hold output at around 73 per cent. of capacity this year in an attempt to run down stocks. Full capacity working will not be restored until 1977, though it will come much earlier in the U.S.—about mid-1976.

However, the pace of the recovery is such that zinc could once more be in very short supply by the end of next year.

The Unit says zinc producers will manage to hold current price levels and the LME price should soon start to rise and draw closer to the European producers price. If the expected excess demand materialises, there could be very large rises in the free market prices in late 1976.
Reuter

Thames Water to offer aid overseas

By Donald Maclean

THAMES WATER Authority is to offer consultancy services to water authorities overseas. This follows a re-assessment of the traditional interchange of advice and information between the authority and the overseas organisations.

It is hoped the change will benefit water-charge payers in the authority's area, as well as the balance of payments.

STOCK EXCHANGE REPORT

Absence of strong Gilt prop takes equities lower

Share index down 8.1 at 399.6—Golds steady

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 26	Feb. 5	Feb. 6	Feb. 17
Feb. 9	Feb. 19	Feb. 20	Mar. 2
Feb. 23	Mar. 4	Mar. 5	Mar. 16

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets began the new Account yesterday with quite a sharp setback in British Funds and equities.

Gilts were again adversely affected by the official hint that the fall in interest rates is over for the time being, while the rise in the Wholesale Price Index for January was also an unsettling factor. Long-dated stocks sustained fresh losses extending to 1¼ and short-dated issues recorded falls ranging to ⅜. The Government Securities index gave up 0.50 more to 63.34, or 1.87 off of the 1975-76 peak of 65.21 touched seven trading days ago.

Apart from the weakness in Gilts, equities were further weakened by talk of another large fund raising exercise from the Banking sector. Leading industrials fell quite sharply at the outset. This was reflected in the FT 30-share index, which recorded a loss of 7 points at the 10 a.m. calculation. Prices continued to drift lower on the absence of support and the loss was extended to 9.7 at 3 p.m., but a small technical rally in the "after-hours" left the index 8.1 down on balance at the close of 399.6.

Long Gilts flat

Second-line issues followed in the wake of the leaders, although week-end Press mention produced a few bright spots. Falls led rises by 4—1 in FT-quoted Industrials, while the FT-Actuaries All-Share index lost 1.9 per cent. to 166.84. Official markings of 8,149 compared with 7,131 last Friday and 8,901 a week ago.

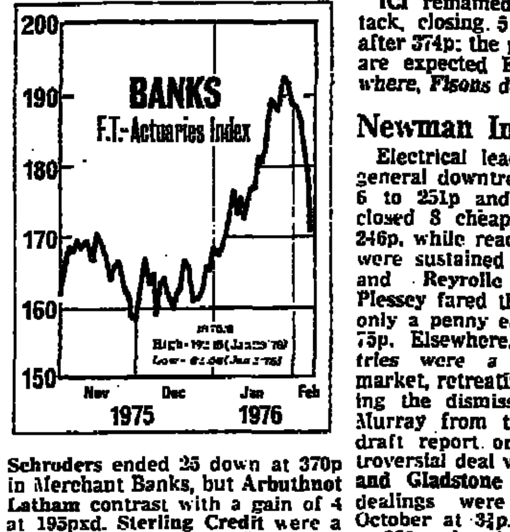
The Bank of England's signal showing concern about the speed of the recent fall in interest rates was a major depressant for Gilt-edged yesterday. Friday's surprise issue of a new long "tap," via a further £600m. tranche of Treasury 12¼ per cent., 1993, also tended to dampen enthusiasm with the result that closing quotations were as much as 1¼ lower, despite being ¼ or so above the day's lowest. The losses were concentrated at the longer end which came under a fair amount of pressure including switching shorter, a factor that contributed to a contrasting tendency among the shorts. These were volatile on occasions but many issues often regained opening losses to close mixed, despite the January wholesale price indices and the possibility of a further slight rise to-day in U.S. Treasury bill rates.

Extremely quiet conditions in the investment currency market were reflected in a constant rate, the premium closing unchanged at 113¾ per cent. Yesterday's SE conversion factor was 0.6000 (0.5999).

In Recent Equities, Hughes Tool reacted 2¼ to £39¾, following recent firmness on the good results.

Home Banks weak

After last Friday's dullness on the £74m. "rights" offer accompanying the preliminary results from Lloyds Bank, Home Banks retreated afresh yesterday to close with falls extending to 15, partly reflecting nervousness over the possibility of Barclays or National Westminster also producing "rights" issues. Both 15 lower were Lloyds, 245p, after 242p, and Barclays, 315p, after 312p, while Midland lost 13 to 285p and National Westminster 12 to 250p. Bank of Scotland, 303p, also lost 12, while National and Commercial declined 4 to 78p. Among Overseas issues, Standard and Chartered receded 8 to 470p, but Hongkong and Shanghai Banking, awaiting to-day's preliminary results, held steady at 348p after last Friday's fall of 15. Discount Houses were generally lower, with Cater Ryder losing 10 at 275p.



Schroders ended 25 down at 370p in Merchant Banks, but Arbuthnot Latham contrast with a gain of 4 at 195pxd. Sterling Credit were a firm exception in Hire Purchases at 20p, up 1½.

Adverse Press comment served to undermine sentiment in Composite Insurances, which closed at the day's worst. Reactions of 6 were recorded in Commercial Union, 142p, Eagle Star, 136p, General Accident, 175p, and "Royals," 332p. Life Offices, however were only slightly easier in idle trading.

Breweries held up relatively well, with scattered losses confined to one or two pence. Elsewhere, Distillers gave up 2 and A. Bell 4 to the common price of 146p.

Buildings joined in the general downturn. R. Costain remained a dull market, losing 5 at 211p, while similar losses were sustained by Marchwiel, 117p, and Marshalls (Halifax), 83p xd. Redland finished 3 easier at 102p after news of the American acquisition. Against the trend, Mears Bros. moved up 3 to 39p. Dealings were suspended yesterday in Joviel Properties (at 14½p) pending the winding up of the company.

ICI remained on a downward tack, closing 5 cheaper at 375p, after 374p: the preliminary figures are expected February 19. Elsewhere, *Fisons declined 12 to 388p.*

Newman Inds. retreat

Electrical leaders followed the general downtrend. EMI receded 6 to 251p and Thorn Electrical closed 8 cheaper at 248p, after 246p, while reactions of around 4 were sustained by GEC, 151p xd and Reyrolle Parsons, 110p. Plessey fared the best and ended only a penny easier at 76p, after 75p. Elsewhere, Newman Industries were a particularly dull market, retreating 7 to 56p following the dismissal of Mr. Angus Murray from the Board over a draft report on last year's controversial deal with Thomas Poole and Gladstone China, in which dealings were suspended last October at 3½p. Decca reacted 7 to 250p xd and the "A" 5 to 248p xd, while Pethow, 160p, Racal Electronics, 230p, and BSR, 111p, all lost 4. However, favourable Press comment stimulated interest *in Dale Electric, 5 higher at 136p.* Wholesale Fittings hardened 2 to 69p.

Stores closed with some fairly substantial losses. "Gussies" "A" featured with a fall of 8 to 215p, while House of Fraser, 87p, and Debenhams, 95p shed 3 apiece. Burton "A" lost 4 at 50p xd and British Home Stores declined 9 to 358p, while modest losses were sustained by Marks and Spencer, 104p, F. W. Woolworth, 75p, and UDS, 89p. Steinberg, still reflecting the interim results, eased a penny further to 13p. W. H. Smith "A" continued a dull market, losing 6 more at 342p, while other casualties included Mothercare and Currys both of which closed 3 cheaper at 162p and 120p respectively. A. Henriques contrasted with a rise of 4 to 28p. John Michael, at 8p, recouped 2 of Friday's fall of 5 which followed a marke-down to establish a trading level.

Among easier Engineerings, Hawker, 408p, and Tube Investments, 338p, both lost 6, the latter after 336p. Secondary issues recently popular because of news items also suffered and F. Pratt fell 5 to 67p on profit-taking. Similarly lower were Wadkin, 67p, and Deritend Stamping, 132p, while Edgar Allen Balfour shed 4 to 75p. Passing of the interim dividend and first-half profits slump lowered F. S. Ratcliffe Industries 12 to 40p, but Westland were a lively market and 5 up at 65p following a Press report which aroused bid speculation. Newspaper mention helped Howden to improve 1 to 83p. Elsewhere, Wolseley-Hughes were quoted ex "rights" at 130p, with the new nil-paid shares at 28p premium, after 32p premium.

Foods continued to drift easier on small selling. Tate and Lyle lost another 4 at 276p, while Brooke Bond, 41p, and Spillers, 43½p, shed a penny apiece. Reflecting the cod war dispute, Associated Fisheries eased a penny to 27p. Associated Dairies were lowered 5 to 208p, while losses of 3 were sustained by United Biscuits, 113p, and J. Sainsbury, 124p. Against the trend, J. E. England hardened 2 to 24p with the help of Press comment.

Hotels and Caterers had an easier bias. J. Lyons "A" gave up 3 at 143p, while Grand Metropolitan, 82p, and Trust Houses Forte, 129p, shed 2 apiece.

Channel Tunnel up

After an early retreat, selling of the miscellaneous Industrial leaders subsided and prices held fairly steady at the lower levels for the rest of the day. Beecham recorded a loss of 9 at 340p, while Unilever closed 6 down at 448p. Elsewhere, Channel Tunnel moved ahead to 80p before ending a net 10 higher at 65p on Press suggestions that the project could *soon be restarted with the* Common Market countries providing financial assistance. Manchester Ship Canal improved 6 to 170p despite the lower profits, while favourable Press comment prompted gains of 3 in Silentnight, 53p, and Charles Hill of Bristol, 130p, and left Bodycote 1½ firmer at 17½p. Horizon Midland put on 2 more to 38p awaiting the results, due shortly, while speculative support left English and Overseas Investments 1¼ higher at 5¼p. Unerman gained 5 at 56p and Thomas French 4 at 57p.

Motors and Distributors had a modest feature in ERF, which moved up 5 to 80p in response to Press comment. Flight Refuelling were similarly influenced at 35p, up 3. Dunlop, however, closed a penny cheaper at 77p despite good results from the South African subsidiary, while losses of around 2 were sustained by Brown Bros., 15½p, and Fodens, 19p.

Early profit-making in Thomson was absorbed and the close was only 1 easier at 247p, but other Newspapers were quiet and lower where changed. Elsewhere, Lowe and Brydone remained under *pressure, losing 5 more to 25p.*

The most notable occurrance in Oils was British Petroleum's continued resistance to a generally easier trend, a development which brought a close of 2 higher at 590p. This further small support for BP contrasted with fresh selling of both Shell, 6 down at 378p, and Burmah, which gave up 2 at 43p. Among overseas issues, domestic market influences lowered Woodside-Burmah 8 to 123p and Sunningdale 25 to 650p. *Siebens (U.K.), on the other hand,* picked up 30 to 275p.

Property leaders softened in quiet trading, although Town and City Properties finished only a fraction easier at 22½p, after 21½p, and English Property 1½ off at 69½, after 68½p. Land Securities shed 4 to 185p and MEPC 3 to 85p, while British Land gave up 2 at 38½p. London Bridge Securities were a firm exception in secondary issues at 21p, up a penny, but Laganvale Estates, *following news of the delay in* publishing the accounts, receded 2 to 7p. Artagen Properties eased 1½ to 78p awaiting to-day's preliminary figures. Berkeley Hambro relinquished 8 at 138p, while losses of 5 occured in Great Portland Estates, 253p, Haselemere Estates, 206p, and Hammerson "A," 375p. Regional Properties, 44p, and "A," 41½p, both eased about 2 more, still reflecting the poor interim results.

Overseas Traders remained in easier vein. Paterson Zochonis reacted 20 to 440p and Harrisons and Crosfield 25 to 925p, while Inchape closed 7 cheaper at 382p xd.

Apart from SPR Investments, 6 higher at 88p on news that Lonrho had increased its shareholding, Trusts and Financials declined throughout the list. Capital issues were also notably lower, M. and G. losing 5 at 109p and falls of 6 marked against Altifund and Dualvest at the common price of 142p.

Small persistent selling left Shippings at, or near, the day's lowest. Adverse Press comment clipped 2½ from "Lofs" at 34½p, while P. and O. Deferred, 112p, and *Sheaf Steam, 81p, lost 4 apiece.* Reardon Smith "A" retreated 8 to 90p.

Market conditions militated against a successful debut in ex-rights form for Carpet International and the old shares fell 4½ to 93p, while the nil-paid new shares reacted from 22p premium to close at 18p premium. Illustrating the general decline, Courtaulds lost 4 to 158p, after 156p. Leigh Mills shed 1½ more to 11½p, still reflecting the poor interim results. Tricoville gave up 3 to 25p, but a small demand in a limited market raised Caird (Dundee) 5 to 35p.

Bats were also susceptible to the easier trend and fell 10 to 360p xd, after 358p but Imps were relatively steady ahead of to-day's preliminary statement and ended only marginally easier at 84p.

A sprinkling of Tea shares were marked down in the absence of support. However, against the trend Assam Dooars hardened a penny to a 1975-76 peak of 106p.

Uraniums down again

Australian uranium issues, particularly Pancontinental, continued to dominate interest in mining markets. The latter's shares opened sharply lower at £14 in line with the sharp loss recorded in overnight markets in Sydney and Melbourne to £13¼ at one point be ing to close at £15¼, balance of £¾.

Other uranium stocks generally lower, Pek being 20 down at 51 Resources, which were ject of favourable Press fell to 35p before unchanged on balance

In other Australians, Robe River were sus 100p pending clarificat proposed sale of the s by the Bond Corporati Creek gained 3 to 46p.

South African Golds more than mark tim trading in reflection of bullion price, which wa cents down at $130 per

Share prices were firmer following the hi in U.S. markets on F then eased owing to s selling, although later. tive buying left some is ing modest gains. The index was a mere 0.7 223.0.

Financials mirrored sentiment in U.K.-based affected by the lower trial market Charter fe and Selection Trust lost De Beers gave up 5 to to Continental offerings. eased owing to modest

In Coppers, specul tinental buying left Bot 6 higher at 62p, whil lost 10 to 840p. generally lower where

Elsewhere, Silvermin to 62p following a Dubl circular, while Contine lowered "Tanks" 6 to

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. Feb. 9, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Friday Feb. 6 Index No.	Thurs. Feb. 5 Index No.	Wed. Feb. 4 Index No.	Tues. Feb. 3 Index No.	Year ago (approx.) Index No.	1975/76 High	1975/76 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	150.59	−1.6	15.38	5.63	9.84	9.84	153.11	154.25	154.01	153.55	96.08	155.06 (30/1/76)	51.78 (6/1/75)	206.37 (4/5/72)	60.71 (13/12/74)
2	Building Materials (29)	143.65	−1.6	11.87	5.95	13.12	13.12	145.91	146.88	147.53	146.54	90.03	150.18 (15/1/76)	45.11 (6/1/75)	233.84 (8/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	239.05	−0.6	14.67	4.09	10.62	10.62	240.45	244.62	245.34	245.35	165.93	263.54 (18/11)	74.74 (6/1/75)	389.53 (18/6/72)	71.48 (12/12/74)
4	Electricals (16)	261.45	−3.3	16.69	4.56	8.78	8.78	270.34	273.49	271.34	270.53	180.73	273.62 (2/2/76)	98.49 (2/1/75)	350.04 (4/6/72)	84.71 (25/8/66)
5	Engineering (Heavy) (13)	170.69	−2.6	19.15	6.92	8.49	8.49	175.33	177.10	178.09	177.93	112.86	181.38 (30/1/76)	64.39 (2/1/75)	202.57 (8/8/73)	64.39 (2/1/75)
6	Engineering (General) (63)	136.92	−0.8	16.30	6.18	9.19	9.19	138.06	138.55	138.12	137.71	80.88	138.55 (5/2/76)	45.43 (6/1/75)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	55.35	−0.1	15.25	6.76	11.82	11.82	55.39	55.59	55.53	54.82	33.07	55.59 (5/2/76)	20.11 (2/1/75)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (25)	129.97	−1.6	15.88	6.45	9.56	9.56	131.89	132.14	132.13	132.46	84.31	133.69 (30/1/76)	49.65 (6/1/75)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	131.13	−1.6	14.17	4.75	10.65	10.64	133.28	134.15	134.33	133.06	68.23	134.33 (4/2/76)	38.39 (6/1/75)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	147.81	−2.1	13.09	3.62	11.43	11.41	151.06	152.46	152.60	151.40	82.27	152.60 (4/2/76)	44.28 (6/1/75)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (14)	178.92	−1.3	13.25	6.11	11.12	11.08	181.22	182.43	182.85	180.38	106.44	182.85 (4/2/72)	64.53 (6/1/75)	263.22 (4/6/72)	63.92 (17/12/74)
12	*Motors and Distributors (27)*	77.58	−0.9	16.26	6.00	9.46	9.46	78.28	78.45	78.58	77.76	34.18	78.58 (4/2/76)	19.91 (6/1/75)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	157.79	−1.9	13.12	5.55	11.27	11.16	160.83	162.24	162.24	161.30	115.86	162.24 (5/2/76)	61.98 (6/1/75)	226.08 (16/2/72)	61.41 (13/12/74)
14	Breweries (15)	172.78	−1.4	13.06	6.24	11.49	11.48	175.21	176.45	177.54	177.21	139.07	179.43 (2/2/76)	75.58 (6/1/75)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	179.65	−1.9	10.30	5.61	14.73	14.73	183.10	183.10	184.15	183.05	140.53	185.67 (2/2/76)	80.42 (6/1/75)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (16)	203.96	−1.5	11.03	5.99	14.51	13.84	206.68	208.60	208.35	206.22	113.84	208.60 (5/2/76)	56.28 (6/1/75)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	169.17	−1.8	12.88	4.90	10.94	10.86	172.18	174.03	174.03	173.03	118.62	174.03 (4/2/76)	62.03 (2/1/75)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	140.97	−2.2	11.46	4.91	12.67	12.67	144.11	145.94	145.57	147.27	116.08	155.88 (10/11)	57.15 (2/1/75)	235.08 (15/2/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	181.16	−0.5	12.46	5.58	12.05	12.05	181.99	181.91	179.92	177.31	100.06	181.99 (6/2/76)	55.08 (6/1/75)	250.29 (13/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	107.14	−2.6	20.64	7.15	7.21	7.22	110.02	111.59	111.44	110.74	80.46	111.44 (4/2/76)	43.46 (6/1/75)	135.69 (25/4/72)	43.46 (6/1/75)
21	Stores (33)	132.07	−2.4	11.35	5.12	13.53	13.61	135.32	136.02	135.97	135.69	102.35	136.24 (2/2/76)	52.63 (6/1/75)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (22)	175.34	−2.6	13.57	6.16	9.48	8.90	180.09	180.90	182.02	180.12	111.15	183.19 (30/1/76)	62.91 (6/1/75)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	228.53	−1.4	17.65	6.01	8.64	8.64	231.85	236.22	234.90	230.78	173.88	236.22 (5/2/76)	109.92 (6/1/75)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	63.09	+0.3	21.61	6.30	6.44	6.44	62.87	63.38	62.30	61.91	37.36	63.76 (20/11)	20.92 (6/1/75)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (94)															
25	Chemicals (24)	212.96	−2.4	13.15	4.58	10.66	10.66	218.11	219.52	219.92	218.11	134.04	219.92 (4/2/76)	73.14 (6/1/75)	219.92 (4/2/76)	71.20 (1/12/74)
26	Office Equipment (10)	88.37	−4.1	14.64	5.91	10.06	10.06	92.18	91.37	91.76	92.49	95.27	104.78 (17/4)	45.34 (2/1/75)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	406.97	−1.9	17.75	6.08	7.20	6.92	415.06	418.38	419.61	417.97	317.11	432.64 (30/1/76)	194.38 (6/1/75)	517.00 (5/12/72)	90.80 (29/6/62)
28	*Miscellaneous (48)*	166.68	−1.8	14.18	5.34	10.39	10.38	169.69	170.72	171.07	170.24	114.78	172.73 (30/1/76)	60.39 (6/1/75)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	159.32	−1.9	13.92	5.46	10.57	10.51	162.64	163.86	163.90	163.05	109.84	164.06 (30/1/76)	59.19 (6/1/75)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	333.35	−0.6	15.09	4.83	7.40	6.63	335.30	335.53	337.80	335.14	208.75	351.71 (8/1/76)	105.85 (2/1/75)	431.66 (29/6/69)	87.23 (29/5/62)
31	500 SHARE INDEX	174.14	−1.7	14.09	5.37	9.95	9.68	177.20	178.35	178.57	177.55	118.26	178.83 (30/1/76)	63.49 (6/1/75)	227.95 (16/3/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	144.49	−2.7	—	4.91	—	—	148.56	149.68	150.97	151.26	113.38	153.46 (30/1/76)	56.50 (6/1/75)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	170.42	−4.7	17.10	4.77	8.94	8.94	178.83	181.85	186.33	188.78	121.94	192.16 (29/1/76)	62.56 (2/1/75)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	179.11	−2.3	—	6.87	—	—	183.30	180.78	180.82	181.11	140.34	186.52 (13/1/76)	84.13 (6/1/75)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	124.26	−2.3	—	5.07	—	—	127.46	130.36	128.88	126.46	105.73	134.39 (10/3)	42.81 (6/1/75)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	123.79	−1.5	—	6.52	—	—	125.66	125.42	127.95	128.12	99.75	129.46 (30/1/76)	44.88 (2/1/75)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	114.89	−2.6	—	5.97	—	—	117.99	117.94	118.34	117.95	87.08	123.90 (20/5)	44.47 (2/1/75)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	227.59	−0.6	8.95	4.08	16.88	16.85	228.95	230.37	229.03	228.72	148.80	232.39 (18/11)	68.96 (7/1/75)	262.37 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (17)	90.86	−0.9	—	6.06	—	—	91.68	92.47	92.64	92.71	70.93	94.97 (7/5)	31.21 (7/1/75)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	187.41	−1.9	2.44	2.58	78.19	72.60	191.05	192.42	191.72	190.72	181.55	241.22 (22/4)	88.19 (7/1/76)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	89.93	−1.0	14.28	6.04	10.97	10.97	90.84	91.26	91.70	91.98	63.03	91.98 (3/2/76)	34.78 (10/1/75)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	175.55	−1.7	2.86	4.08	34.98	34.96	178.66	180.74	182.14	182.60	137.83	184.55 (30/1/76)	73.43 (6/1/75)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	166.84	−1.9	—	5.21	—	—	170.10	171.26	171.79	171.14	117.53	172.64 (30/1/76)	62.16 (6/1/75)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (*Not included in 500 or All-Share indices*)															
44	Rubbers (9)	441.30	−0.8	14.63	7.61	10.57	10.54	444.65	448.12	447.40	447.96	375.92	525.43 (23/5)	281.66 (2/1/76)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (9)	123.12	−0.9	38.40	8.41	3.82	3.76	124.26	124.59	124.41	124.25	81.62	124.59 (5/2/76)	76.76 (10/1/75)	124.59 (5/2/76)	59.72 (17/10/74)
46	Coppers (3)	269.02	−0.6	36.74	6.39	2.72	2.72	270.43	267.28	267.28	267.28	417.98	467.74 (27/5)	251.97 (18/12/75)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	109.19	−0.8	10.82	4.61	10.44	10.44	110.10	110.26	111.60	112.70	98.48	141.34 (30/5)	80.58 (22/1/75)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	86.09	0.5	14.53	10.49	9.82	9.22	86.49	86.52	86.57	88.07	80.00	114.49 (3/6)	58.91 (8/1/75)	125.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	231.68	−1.2	14.47	4.61	8.84	8.83	234.41	235.74	234.95	235.26	169.04	252.23 (20/5)	97.37 (6/1/75)	252.23 (20/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Monday, Feb. 9 Index No.	Yield %	Friday Feb. 6	Thurs. Feb. 5	Wed. Feb. 4	Tuesday Feb. 3	Mon. Feb. 2	Friday Jan. 30	Thurs. Jan. 29	Year ago (approx.)	1975/76 High	1975/76 Low	Since Compilation High	Since Compilation Low
1	Consols. 2½% yield	—	13.79	13.41	13.31	13.22	13.22	13.04	13.02	13.19	14.71	—	—	—	—
2	20-yr. Govt. Stocks (6)	51.23	12.72	51.92	52.22	52.54	52.61	53.39	53.43	52.36	47.86	53.45 (30/1/76)	38.27 (3/1/75)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	51.15	14.46	51.34	51.46	51.46	51.36	51.26	50.76	50.45	44.63	51.46 (4/2/76)	37.01 (3/1/75)	113.43 (25/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	50.39	13.74	50.22	50.24	50.29	50.29	50.29	50.21	50.21	41.59	50.39 (9/2/76)	35.35 (3/1/75)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	69.89	13.57	70.58	70.61	70.98	71.03	71.97	71.86	70.95	58.66	71.97 (2/2/76)	47.67 (6/1/75)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.75	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	153.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

† Flat yield. ‡ Redemption yield.

Calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 19p. Foreign 23p. FT-Actuaries Indices are

FINANCIAL TIMES STOCK INDICES

	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb.
Government Secs.	63.34	63.84	64.16	64.45	64.49	65.1
Fixed Interest	63.30	64.05	64.10	64.09	64.11	64.8
Industrial Ordinary	399.6	407.7	410.0	414.4	409.5	412.
Gold Mines	225.0	223.7	219.7	223.1	232.1	226.
Ord. Div. Yield	5.21	5.11	5.09	5.04	5.09	5.0
Earnings Yld % (full)	15.12	14.84	14.76	14.52	14.76	14.7
P/E Ratio (net)	9.74	9.93	9.98	10.08	9.97	10.0
Dealings marked	8,149	7,131	7,410	7,617	8,216	8,90
Equity turnover £m.	—	91.87	79.59	68.89	60.45	79.4
Equity bargains total	—	20,916	18,749	16,649	18,298	21,31

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1975/6 High	1975/6 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	49.18 (3/1/75)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	50.53 (3/1/75)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	417.4 (30/1/76)	146.0 (6/1/75)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5/75)	197.1 (30/1/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

Daily Gilt-Edged	245.
Industrials	275.
Speculative	70.
Totals	185.
5-day Average Gilt-Edged	197.
Industrials	263.
Speculative	71.
Totals	175.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975/6 high	1975/6 low
ICI	£1	16	375	− 5	387	118
"Bats"	25p	12	360xd	−10	377	164
Shell Transport	25p	12	378	− 6	404	118
Marks & Spencer	25p	11	104	− 2	128	47½
Grand Met.	50p	10	82	− 2	88	17½
Barclays Bank	£1	8	313	−15	350	112
Distillers	50p	8	146	− 2	152	65½
EMI	50p	8	251	− 6	257	62
GKN	£1	8	304	− 3	312	95
Inchape	£1	8	382xd	− 7	422	150
Midland Bank	£1	8	285	−13	320	122
Nat. Westminster	£1	8	250	−12	290	58
Bass Charrington	25p	7	110	− 1	114	47
BP	£1	7	590	+ 2	615	190
Cons. Gold Fields	25p	7	197	− 3	290	188

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 3	Feb. 16	Apr. 29	May 11
Feb. 17	Mar. 1	May 13	May 25
Mar. 2	Mar. 15	May 27	Jun. 8

"Calls" were dealt in Wimpey, Electrical and Industrial Securities, Charterhall Finance, Burmah Oil, Turner and Newall, Ladbroke Warrants, Grand Metropolitan, Triplevest Capital, London and Northern Securities, Spillers, J. B. Eastwood, Mixconcrete, Norwest Holst, Hestair, Stead and Simpson "A," Keyser Ullmann, National Westminster Bank Warrants and Clayton Dewandre. No "puts" were reported, while "doubles" were arranged in Grand Metropolitan Warrants, Charterhall Finance, Town and City, Amalgamated Investment, H. Wigfall, Ladbroke Warrants, National Westminster Bank Warrants, J. B. Eastwood, Spillers, Burmah Oil and Capital and Counties.

Industrials							
		Guardian	20	Spillers	5	Shell	25
		G.K.N.	22	Tesco	5	Ultramar	20
A. P. Cement	15	Hawker Sidd.	35	Thorn "A"	20		
Assoc. Leisure	3	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	21	Unilever	40	Anglo Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	10	Charter Cons.	16
Boots Drug	12	I.C.L.	14	Vickers	13	Chart'r'h'll Fin.	6
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons. Gold	16
B.A.T.	30	Legal & General	13	Woolworths	6	De Beers Def.	35
British Leyland	7	Ladbroke	11			F. S. Geduld	350
BOC Int.	5½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	7	"Lofs"	5½	Amal. Inv.	3½	Hampton Areas	12
Cadburys	6	"Mams"	6	Brit. Land	4½	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	10	Cap Counties	3½	Kloof	100
Debenhams	8	Midland Bank	22	E.P.	8	Lonrho	12
Distillers	13	Nat'l West Bank	20	Land Securities	18	Loraine	65
Dunlop	7½	"Do" Warrants	10	MEPC	5½	Poseidon	55
Eagle Star	13	P & O Dfd.	11	Peachey	3½	Pres. Steyn	200
E.M.I.	17	Plessey	8	Town & City	5½	Rio T. Zinc	17
Gen. Accident	16	R.H.M.	6	Town & Comm.	4	Welkom	56
Gen. Electric	15	Rank Org. 'A'	18			West Areas	40
Glaxo	35	Reed Int'l	25	Oils		Western M'ng.	18
Grand Met	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	17	Slater Walker	4½	Burmah Oil	7		

NEW HIGHS FOR 1975/76

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new highs for 1975-76. There were no new lows.

NEW HIGHS (45)

BRITISH FUNDS (1)
Electric 3pc '74-77

COM'WEALTH & AFRICAN LOANS (1)
Aust. 5½pc 75-78

LOANS (Miscel.) (1)
Alcan 10½pc '89-94

AMERICANS (2)
Brunswick Corpn. Penn-Central

CANADIANS (2)
Hudson Bay Gas Oil Inland Nat. Gas

BANKS (1)
Seccombe M.C.

BUILDINGS (3)
Aberthaw Cement Mears Bros.
Johnson-Richards

CHEMICALS (1)
Bayer A.G.

STORES (2)
Midland Educational Solrelia

ELECTRICALS (2)
Allied Insulators Dale Elect.

ENGINEERING (6)
Bate (Wm.) Mitchell Somers
Garton Cooper *Procor 11½pc '93-98*
Mather and Platt Westland

FOODS (1)
Clifford's Dairies

INDUSTRIALS (12)
Barr and WAT 'A' Hill (Chas.)
Bentima Horizon Midlands
Bodycote Ingall Inds.
Boot (Henry) Leadenhall-Sterling
Dover Corp. U.K. Optical
French (Thos.) Unerman

MOTORS (5)
Flight Refuelling Dorada
Zenith 'A' Manchester Garages
Adams Gibbon

SHOES (1)
Newbold & Burton

TRUSTS (3)
Aberdeen Invs. Peldavne
Erskine House

TEAS (1)
Assam Dooars

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	47	5
Corpns., Dom. and Foreign Bonds	4	21	39
Industrials	171	662	881
Financial and Prop.	32	317	239
Oils	2	12	20
Plantation	3	12	32
Mines	19	56	76
Recent Issues	3	14	19
Totals	240	1,141	1,311

BASE LENDING RATES

Allied Irish Banks
Anglo-Portuguese B.
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone
Barclays Bank
Barnett, Christie Lt
Bremar Holdings
Brit. Bank of Mid.-E
■ Brown Shipley
Canada Permanent
Cayzer, Bowater Co.
Cedar Holdings
■ Charterhouse Japhe
C. E. Coates
Consolidated Credi
Co-operative Bank
Corinthian Securitie
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trus
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partners
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Industrial Bank of Sc
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westmins
Northern Comm. Tr
Norwich General Tr
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept
Schlesinger Limited
E. S. Schwab
Security Trust Co. Lt
Shenley Trust
Standard Chartered
Sterling Credit
Thames Guaranty
Trade Development B
Twentieth Century B
United Bank of Kuwa
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits 5½%, 1-month 5¾%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 ... over £25,000 ...
‡ Demand deposits 5½%.
‡ Call deposits over £1,000 5¾%.

CORAL INDEX
Close 396-403 401-406

I.G. INDEX
GOLD 127½-128½

INSURANCE BASE RATES
† Atlantic Assurance
Cannon Assurance
* Address shown under Insurance and Property Bond table.

MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 9½ per cent. (since February 6, 1976)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave very large assistance by buying a large amount of Treasury bills and Corporation bills from the Discount houses, and by lending a large amount overnight to four or five houses at Bank of England Minimum Lending Rate. Banks carried forward run down balances, there was a net market take-up of Treasury bills to finance, revenue payments to the Exchequer exceeded Government disbursements, there was an increase in the note circulation, and settlement was made of official gilt-edged sales.

Discount houses paid 9¼-9½ per cent for secured call loans at the start and closing balances were taken at around 9-9¼ per cent.

In the inter-bank market overnight loans commanded 9¼-9½ in the early part, and eased to 9-9¼ per cent, before briefly touching 10 per cent., and closing at 9¼ per cent.

Short-term fixed period interest rates showed a steadier trend, with small increases recorded in most sectors.

Rates in the table below are nominal in some cases.

Feb. 9 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills φ	Bank Bills φ	Fine Trade Bills φ
Overnight	—	9.10	—	—	—	9½-10½	9-9½	—	—	—
2 days notice	—	—	9-9⅛	—	—			—	—	—
†7 days or 7 days notice	—	8⅞-9⅝	9-9¼	—	—	—	9-9¼	—	—	—
One month	9¼-9⁷⁄₁₆	9⅛-9¼	9⅛-9⁵⁄₁₆	9⅛-9	9¼-10¾	—	8⅞-9	8⅞-8⅝	9⁵⁄₁₆	10-9⅞
Two months	9¼-9⁷⁄₁₆	9⅛-9¼	—	9⅛-9	9¼-10¾	—	8⅞	8⅞-8⅞	9⅛-9⁵⁄₁₆	10-9¾
Three months	9¼-9⁷⁄₁₆	9⅛-9¼	9⅛-9⁵⁄₁₆	9⅛-9	9¼-10¾	—	8¾-8⅞	8⅞	9⅛-9	10-9½
Six months	9⅜-9⅛	9⅛-9¼	9⅛-9¼	9⅛-9	9¼-10¾	—	—	—	8⅞-8⅞	10-9⅝
Nine months	9½-9⅝	9⁵⁄₁₆-9½	—	10-9½	9¼-10¾	—	—	—	—	—
One year	9⁵⁄₁₆-9⅞	9⅝-9¾	10⅛-10¼	10⅛-9½	9¼-10¾	—	—	—	—	—
Two years	—	—	11¼-11⅜	—	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12 per cent., four years 12¼-12½ per cent.; five years 12½-12¾ per cent. φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8¹⁵⁄₁₆-8¾ per cent.; and four-month trade bills 10-9⅞ per cent. Approximate selling rate for one-month Treasury bills 8⅞ per cent.; two-month 8-8³¹⁄₃₂ per cent.; three-month 8¹⁵⁄₁₆ per cent. Approximate selling rate for one-month Bank bills 9¹⁄₁₆-9³⁄₃₂ per cent.; two-month 9-8⅞ per cent.; and three-month 8¹⁵⁄₁₆-8¾ per cent.; for one-month trade bills 9¾-9⅝ per cent.; two-month 9¾-9⅝ per cent. and three-month 9⅝-9½ per cent.

Finance House Base Rate (published by the Finance Houses Association) 11 per cent. from February 1. Clearing Bank Deposit Rate for small sums at seven days' notice 5½ per cent. Clearing Bank Rates for lending 9½ per cent. Treasury Bills: Average tender rates of discount 8.7691 per cent.

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AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

REGIONAL MARKETS

...of the share prices previously shown under regional headings is ...w with quotations on London. Irish issues, most of which are not ...in London, are shown separately and with prices as on the Irish

18	......	Craig Ship. £1	340	+20	Shiloh Spinn.	30	......
33	......	Hallam Sleigh 10p	6½	−½	Sindall (Wm.)	53	......
29	......	Higsons Brew.	93	......			
150	......	I.O.M. Stm. £1	150	......	**IRISH**		
26	......	Holt (Jos.) 25p	260	......			
320	......	Kleen-e-Ze	18	......	Alliance Gas (£1)	85	−5
23	......	Lovell's Ship £1	70	......	Carroll (P. D.)	118	......
58	......	N'thn. Goldsmith	89	......	Clondalkin	44	......
25	......	P.M.A.	53	−1	Concrete Prods.	85	......
9	......	Pearce (C. H.)	80	......	Goodbody (£1)	34	......
40	......	Peel Mills	12½	......	Helton (Hldgs.)	37	......
16	......	Richards 10p	16½	......	Irish Distillers	65	−1½
243	+8	RobbCaledonSh.	41	−1	Irish Wire	40	......
12	......	Sayers 12½p	17	......	Jacob	70	......
76	......	Sheffield Brick	68	−2	Sunbeam	33	......
		Sheff. Refrshmt.	140	......	Unidare	78	......

...ent—Contd.

...TLEFIELD (KLANG) ...UBBER ESTATE

...DDINSELL'S STATEMENT

...nual General Meet- ...ld (Klang) Rubber ...d was held on ... London, MR. J. ... the Chairman, ...

...ng is an extract ...lated statement: ...ian Government's ...sation measures ...lted in a lower ... and income from ...ured with that of ...year, fell by over ...kilogram. At the ...ts rose by over 2 ...ilogram and the ...bber trading was ...own on the 1973/ ...e policy of diver- ...l palms has, how- ...he company well ... financial year. ...easing crops of ...d profit margins ...urplus of £75,442, ...better than that of ...year. ...ling investment ...ofit before tax was £370,623, compared with last year's £339,987. Taxation requires £158,547. The extraordinary credit item of £51,773 shown in the accounts derives from a net currency gain during the year. The recommended final dividend, 1.6825 pence per share, together with the interim of 0.382 pence per share paid in August last, is the maximum permitted under the current counter-inflation legislation.

Prospects for the current year are brighter since the Malaysian Government lifted the ban on rubber stimulants and we look for a further increase in the oil palm fruit harvest. As always, the world prices of our commodities will be the prime factor affecting our trading surplus but with our substantial investment income we are confident of the company's capacity to maintain dividends for 1976 at the maximum permitted level.

The report was adopted.

Agents and Secretaries: Harrisons & Crosfield, Limited.

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NAV per share Feb. 2 $US25.10

For Triumph Int. Fnd. Mgrs. see Neptune Int. Fnd.

Tyndall Group 0272 32241
Hamilton, Bermuda, & St. Helier, Jersey.

O'seas Dis. Feb. 4	$US1.18	1.25	....	6.00
O'seas Acc. Feb. 4	$US1.61	1.70	....	6.00
O(Stg.)Dist. Feb. 4	£7.50	7.95	....	6.00
O(Stg.)Acc. Feb. 4	£10.20	10.80	....	6.00
3-Way Int. Jan. 22	$US2.36		....	—
Int. ManFd. Jan. 22	85.6	90.0	....	—

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	$US12.64	−0.14	0.95

Net asset value Feb. 6

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555

Cnv. Bnd. Feb. 6	$US9.89	−0.08	—
Energy Int. Feb. 6	$US13.34	−0.15	—
Gr. St. $Fd. Jan. 30	$US7.21	....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI. 0534 [illegible]

CMF Ltd. Jan. 29	$US[illegible]	[illegible]	....	—
CMT Ltd. Jan. 29	£10.52	10.79	....	—
Metals Tst. Jan. 15	£9.56	9.79	....	—
TMT Jan. 8	$US[illegible]	[illegible]	....	—
TMT Ltd. Jan. 8	£10.70	10.97	....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Wrld. Wide Gth. Fd.	$US12.23	−0.09	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey yield. # Suspended. ‡ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975/6 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98⅛	92⅞	Treasury 6½pc 1976‡‡	98¼xd	–⅛	6.58	9.08
99	97	Victory 4pc 1976‡‡	98⅝	.....	4.04	—
102	96⅝	Treasury 10½pc 1976‡‡	100⅞	–⅛	10.40	9.22
97¼	88⅞	Treasury 6¾pc 1977‡‡	97xd	–⅛	6.44	9.26
96½	86¾	Electric 3pc 74-77	96½xd	+½	3.11	6.38
103⅞	96⅞	Treasury 11½pc '77‡‡	102½	.....	11.26	9.92
94	84	Treasury 3pc '77‡‡	93⅝	.....	3.20	6.88
93⅞	84⅛	Transport 4pc '72-77	93½	–⅛	4.28	7.80
97⅝	90½	Treasury 9pc 1978‡‡	97⅛xd	–⅛	9.24	10.42
100⅞	96	Treasury 10½pc '78‡‡	100⅛	.....	10.47	10.34
92½	79	Exchequer 5pc '76-78‡‡	91⅞	–⅛	5.44	8.50
103⅞	94⅛	Treasury 11½pc '79‡‡	102⅝xd	–⅛	11.21	10.50
86⅞	71⅛	Treasury 3pc '79‡‡	86⅞xd	+⅛	3.45	7.20
87⅞	73⅞	Electric 4¼pc '74-79	87	–⅛	4.88	8.48
100⅛	94½	Treasury 10½pc '79‡‡	99	+⅛	10.61	10.79
99⅛	95⅛	Do. 10½ 1979 'A'	99	+⅛	10.61	10.80
86⅝	71	Electric 3½pc '76-79	86¼	–⅛	4.06	7.78
95⅝	84	Treasury 9pc 1980‡‡	95⅝xd	+⅛	9.41	10.35
95⅝	89¼	Treasury 9½pc '80‡‡	95¼	–⅛	9.97	10.91
95⅝	92¼	Treas 9½ 1980	95¼	–⅛	9.97	10.92
86	68¼	Treasury 3½pc '77-80	85⅞xd	–⅛	4.10	7.49
87⅝	71	Funding 5¼pc '78-80‡‡	86¾	–⅛	6.05	8.99
103⅛	94⅛	Treasury 11½pc 1981	102¼	–⅛	11.24	10.87
		Five to Fifteen Years				
86	66⅛	Treasury 3½pc '79-81	85¼xd	+¼	4.10	7.02
91⅝	72⅝	Do 8½pc '80-82‡‡	91⅛	–⅛	9.39	10.68
107¼	86⅝	Treasury 12pc 1983‡‡	101⅞xd	–¼	11.70	11.47
79⅞	58	Funding 5½pc '82-84‡‡	78⅞	–¼	7.01	9.41
86⅛	61⅞	Treasury 8½pc '84-86‡‡	85	–¼	10.10	11.10
74⅞	51⅞	Funding 6½pc '85-87‡‡	73½	–⅜	9.07	10.93
77¼	53	Treasury 7¾pc '85-88‡‡	75⅜	–⅝	10.33	11.67
51¼	32⅞	Transport 3pc '78-88	49½	–⅞	6.10	10.38
59¼	39¼	Treasury 5pc '86-89	57⅞	–⅝	8.93	11.43
102	96	Treasury 13pc 1990‡‡	99¼	–¾	13.22	13.25
75⅞	53¼	Treasury 8¼ 87 90‡‡	73¼	–⅝	11.39	12.39
		Over Fifteen Years				
60	41⅛	Funding 5¾pc '87 91‡‡	58	–½	10.27	12.17
99	85½	Treasury 12¾pc '92‡‡	96	–1¼	13.37	13.45
97½	83⅝	Treasury 12½pc '93‡‡	94	–1¼	13.43	13.54
—	—	Do. 'A'‡‡	£95¼	.....	13.12	13.21
58	40½	Funding 6pc 1993‡‡	53⅛xd	–⅝	11.18	12.61
75⅝	54⅛	Treasury 9pc '94‡‡	72⅞	–⅞	12.71	13.29
36½	24¾	Gas 3pc '90-95	35	–½	8.78	11.64
102	75	Treasury 13¾pc '95‡‡	97⅛	–1⅛	13.55	13.56
75⅞	54⅞	Treasury 9pc '92-96‡‡	69xd	–⅞	12.89	13.36
35½	26½	Redn. 3pc 1986-96	33¼	–½	9.18	11.72
100⅞	86¼	Treasury 13¼pc '97‡‡	97½	–⅞	13.69	13.71
101⅞	88¼	Do. 13¼% '97 'A'	99	–⅞	13.73	13.73
69⅞	53¼	Treasury 8¾pc 1997‡‡	66⅜xd	–¾	13.01	13.44
59⅞	40¼	Treasury 6¾pc '95-98‡‡	55¼	–⅝	12.64	13.33
75⅛	54¼	Treasury 9½pc 1999‡‡	72⅜	–¾	13.25	13.52
31½	22	Funding 3½pc '99-04	29⅞	–⅜	11.82	12.74
65	47	Treasury 8pc '02-06‡‡	62½	–¼	13.40	13.55
46¼	33	Treasury 5½pc '08-12‡‡	41⅛xd	–½	13.23	13.40
60¼	43⅛	Treasury 7¾pc '12-15‡‡	57⅜	–1	13.52	13.58
		Undated				
29⅞	22⅛	Consols 4pc	28¾	–⅜	13.96	—
27⅞	20⅛	War Loan 3½pc‡‡	26¾	–⅜	13.42	—
28⅞	22⅜	Conv. 3½pc '61 Aft.	27¾	–⅜	13.21	—
23¼	17½	Treasury 3pc '66 Aft.	23	.....	13.42	—
19⅜	14¼	Consols 2½pc	18⅜	–½	13.67	—
19½	14¼	Treasury 2½pc	18⅞	–⅛	13.78	—

**INTERNATIONAL BANK

1975/6 High	Low	Stock	£	+ or –	Yield Int.	Red.
72½	58	5pc Stock '77-82	72¼xd	–¼	6.90	11.09
99	91½	8pc Stock 1976	98¾xr	–¼	8.10	10.58

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 66⅜% (based on $2.0290 per £)

CANADIANS

[illegible]

S.E. List Premium 66⅜% (based on $2.0290 per £)
Conversion factor 0.6600 (0.6096)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

[illegible]

††INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Trusts, Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¼	250	Durban Deep R1	390	−10	Q20c	ϕ	2.8
£14	440	E. Rand Prp. R1	475	+5	Q35c	ϕ	4.1
105	16	Rand Leases [illegible]	16	......	—	—	—
£34½	£12¼	Randf'tn Est. R2	£15	−¼	—	—	—
500	120	West Rand R1	136	−5	Q10c	ϕ	4.1

EASTERN RAND

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	160	Bracken R1	190	......	Q52c	1.0	15.1
23	5	Daggafontein 50c	7	......	—	—	—
105	25	East Dag R1	26	......	—	—	—
140	£	Gvel. Areas 5c	140ϕ	......	—	—	—
380	100	Grootvlei 30c	105	......	Q20c	ϕ	10.5
820	385	Kinross R1	400	−5	Q54c	1.4	7.5
90	52	Leslie 70c	64	......	Q15c	1.4	15.5
550	150	Marievale 70c	160	.....	Q42c	ϕ	14.5
725	155	S. African Ld. 35c	180	......	Q30c	ϕ	9.2
265	80	Vlakfontein R1	85	−2	Q20c	ϕ	13.0
£13¼	660	Winkelhaak R0	720	−10	Q108	1.1	8.3
120	28	Wit. Nigel 25c	30	......	—	—	1.4

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents
- ϕ Figures or report awaited.
- †† Banks and Insurance, reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- I Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations. xd ex dividend; xc ex scrip issue, xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

FINANCIAL TIMES
Tuesday February 10 1976

EEC and Greece to start talks

By Reginald Dale, Common Market Correspondent

BRUSSELS, Feb. 9.

THE NINE EEC countries to-night unanimously backed Greece's bid to join the Community and decided to open entry negotiations.

The Nine ruled out the kind of intermediate "pre-membership" phase envisaged by the Brussels Commission and said preparations for the entry negotiations should get under way as soon as possible "in a positive spirit."

Nevertheless, it is clear that the entry negotiations are likely to be long and difficult.

Few people to-night were prepared to hazard a firm prediction as to when Greece would become the Community's tenth member.

However, M. Gaston Thorn, the Council president, indicated that the Nine thought Greek entry should be possible before the end of the decade.

Announcing the Nine's decision, M. Thorn also stressed that there were no political pre-conditions attached to *Greek membership*.

Athens has reacted sharply to suggestions that the dispute with Turkey or Greece's relations with Nato should in any way bear on the entry negotiations.

At to-night's Council meeting, Foreign Ministers of the Nine were clearly anxious to dissociate themselves from the recommendations of the Commission, which caused a major political storm in Greece when published at the end of last month.

The Commission urged putting off Greek membership until the country's economy had been brought more closely into line with those of present member countries.

Accusing the Commission of "betrayal," the Greek Government *threatened to withdraw* its application if the Nine followed the Commission in imposing "humiliating" conditions.

Officials here were to-night suggesting that entry negotiations could start in about six months, judging by the time it *took to get the British entry* negotiations off the ground in 1970.

Mr. James Callaghan, Foreign Secretary, said there had been no discussion of other countries joining the Community and he appeared to exclude any early application by anyone else.

However, Spain has made it clear that it is now aiming at full membership and it is admitted in Brussels that it will be much more difficult for the Community to turn down other countries such as Turkey, Portugal or Cyprus that might apply later.

Mr. Callaghan said the Ministers were all now agreed that the Community could reopen trade talks with Spain.

EEC and Canada discuss trade pact, Page 6

French plan for 3-nation European Executive

BY ROBERT MAUTHNER

PARIS, Feb. 9.

FRANCE IS floating the idea of some kind of European "directory"—a slimmed down European Council composed of no more than three countries—as the only way to improve the *decision-making machinery* of the European Community.

Although there has been no official confirmation that a proposal to this effect will be made by President Giscard d'Estaing at the next meeting of the *European* Council in Luxembourg on April 1 and 2, what are clearly inspired reports appeared in several French newspapers to-day.

There can be little doubt that the question will be raised by M. Giscard when he meets Herr Helmut Schmidt, West German Chancellor, in Nice at the end of next week.

The idea of a European directory is ominously reminiscent of the famous "Soames affair" of 1969, when General de Gaulle proposed a directory of France, West Germany, Britain and Italy as a condition of Britain's entry into the Common Market, only to be met by a storm of protest from the Benelux countries when the secret offer was "leaked" to the Press.

This time, however, the French appear to be going out of their way to avoid the criticism that they want to establish a tripartite hegemony over Europe by associating the smaller European countries with their scheme.

The new body, according to French ideas, should be composed of two "major" members of the Common Market and one of the smaller countries. It could have a rotating membership, but this would not necessarily be automatic.

The personalities of leading European statesmen should be taken into consideration. Thus, someone like M. Gaston Thorn, the Luxembourg Prime Minister, whose personal influence is out of all proportion to that of his country, would clearly be a suitable candidate.

French thinking on the subject has been inspired mainly by President Giscard's dissatisfaction with the Tindemans report on the future development of the European Communities, which is considered here to have been too much of a compromise between widely differing positions of the member countries.

In attempting to be all things to all men, Mr. Leo Tindemans, Belgian Prime Minister, is considered by President Giscard to have made proposals which would produce decisions based on the lowest common denominator of the *various* national policies.

Instead of increasing the European Commission's powers, which the French believe would inevitably lead to conflicts with the Council of Ministers, Paris wants to increase the efficiency of the European Council.

This body meets regularly at Heads of Government level three times a year, to provide a counterweight to a directly elected European Parliament.

The European Council, however, would become unwieldy once the membership of the Community is further increased and that is why a smaller, more efficient institution would be required to maintain the Community's dynamism.

French ideas on the subject are clearly still very sketchy and no explanation has so far been forthcoming on how clashes between the proposed European directory and a European Parliament elected by universal suffrage could be avoided.

Rolls and NEB 'peace talks'

BY MICHAEL DONNE AND ADRIAN HAMILTON

URGENT EFFORTS were made yesterday at a meeting between Sir Kenneth Keith, chairman of Rolls-Royce (1971), and Lord Ryder, chairman of the National Enterprise Board, to defuse a potentially explosive argument between the two.

The meeting, also attended by Lord Goodman, retained as adviser by Rolls-Royce, and Sir Antony Part, Permanent Secretary, Industry Department, followed a fierce public effort by Rolls-Royce to define a special reporting relationship to the NEB, *which is taking over the* State's 100 per cent. shares in the company.

Although no statement was issued after the meeting beyond the bland comments that "useful progress" had been made and that the tenor had been "con*structive*," *it seems clear that* agreement has been reached to take the issue out of public debate until a compromise can be worked out by Lord Goodman.

This will almost certainly have to include some acceptance on Rolls-Royce's part of a regular reporting role on financial questions to the NEB in return for an agreement by the NEB that Rolls-Royce, because of the special nature of its role in aerospace development, will continue to operate on different, more independent, lines than the other companies in the NEB's stable.

The difficulties appear to have emerged because of a lack of definition of the Government's part as to the precise relationship of Rolls-Royce to the Department of Industry on the one hand, and the NEB on the other.

Lord Ryder has taken the view that Rolls-Royce should be treated broadly on the same lines as Ferranti, Leyland and Alfred Herbert—that is, it should report regularly back to the NEB on its financial targets and progress on the traditional lines of a subsidiary to its parent company.

In the Rolls view, however, this would have interposed another layer of decision-taking between that company and the Government, at a time when major decisions on the capitalisation of the company and the financing of new aero-engine ventures is imminent.

Rolls argues that it already has a Government guarantee of freedom of action, and this has *been interpreted liberally by Sir* Kenneth in recent months—he has not hesitated to take his opinions to the Prime Minister when he thought necessary.

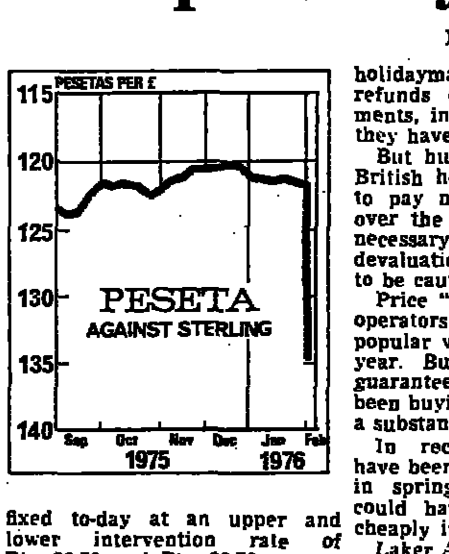
It was as much fear of losing this direct access to the Government, as fear of day-to-day interference by the NEB, that brought about the clash of views between Rolls and the NEB that has now come into the open.

Since the Government is not in a position to back down from its plan to vest its Rolls-Royce holding in the NEB, and the Rolls board is firm in its own intention of retaining a considerable measure of freedom of action, it sems clear that some compromise solution will have to be found, and that this will now be Lord Goodman's role.

Spain devalues peseta by 11%

BY ROGER MATTHEWS

BARCELONA, Feb. 9.



THE SPANISH Government to-day effectively devalued the peseta by nearly 11 per cent. against the dollar, only days after Sr. Juan Villar Mir, the Finance Minister, privately told leading bankers that he was not consider*ing any adjustment in* the parity.

An official statement said that the decision had been taken because of recent strong movements in international money markets and referred particularly to heavy pressure against the Italian lira. It was therefore *necessary to defend the peseta* against speculation.

The devaluation, officially described as a "readjustment," is designed to stimulate Spain's flagging exports and perhaps narrow the $2,800m. balance of payments deficit. But it will also increase the rate of inflation.

According to official figures, the inflation rate for last year was marginally over 14 per cent., a drop of nearly 4 per cent. over the previous year.

Some economists consider that to-day's decision could add as much as 5 per cent. to the inflation rate in a fairly brief period, exacerbating an already difficult labour situation.

On the other hand the export stimulus could help reduce unemployment, which unpublished official statistics put at over 5 per cent. of the active workforce.

Banking sources in Madrid said that they were called at about 9.30 a.m. by the Bank of Spain to be told that the peseta rate against the dollar would be fixed to-day at an upper and lower intervention rate of Ptas.66.50 and Ptas.66.70.

The banks were told that the word devaluation was not going to be used.

The D-Mark was fixed shortly after mid-day at between Ptas.25.938 and Ptas.26.066.

Bankers stressed that the strongly interventionist policy of the Spanish Government could permit further adjustments of individual currency rates against the peseta. Technically the reduction in the value of the peseta against the dollar is not *an across-the-board devaluation*.

Arthur Sandles writes: Last night the Peseta closed at 134.92½ to the pound, against a Friday close of 121.7. This is welcome news for tourists, in the middle of the winter season.

By summer, Britain's package holidaymakers may receive small refunds on their original payments, instead of the surcharges they have come to expect.

But hundreds of thousands of British holidaymakers may have to pay more for their holidays over the next few months than necessary in the wake of Spanish devaluation—because they chose to be cautious.

Price "guarantees" from tour operators have been highly popular with holidaymakers this year. But in order to give these guarantees tour operators have been buying currency forward on a substantial scale.

In recent weeks companies have been buying pesetas for use in spring, and now find they could have bought them more cheaply if they had waited.

Laker Air Tours said last night that it could be eight to ten weeks before the benefits of the Spanish move were passed on to holidaymakers.

Dozens of other companies which guarantee prices once the final invoices have been issued—usually eight weeks ahead of departure—are in the same position.

These guarantees have been highly popular with customers and probably affect the bulk of this year's package tour business.

About 3.5m. Britons are likely to go to Spain this year, a little over 2m. of them on package tours.

Industry hopes for benefit Page 4

Editorial comment Page 14

Holland and Japan begin probes over Lockheed

By MICHAEL VAN OS
Amsterdam and
CHARLES SMITH in Tokyo

THE DUTCH Cabinet met yesterday to appoint investigators into the alleged $1.1m. payment to Prince Bernhard by Lockheed, and the Japanese Deputy Foreign Minister flew to Washington to inquire into the bribery charges made against his country's leading public figures.

In Holland, the political parties gave a unanimous wel*come* to the proposal for an independent inquiry. Although they refused to predict the outcome, it is fully realised that it could mean the ultimate abdication of Queen Juliana if the Lockheed allegations against her husband are found to be correct.

*Dutch reaction to the re*newed allegations was still one of complete disbelief yesterday, after Press reports last year which mentioned Prince Bernhard's name had been virtually ignored.

Although major Left-wing parties "tolerate" the Royal Family rather than actively support it, public backing for the monarchy is such that the Government will have to tread extremely carefully. Indeed, Mr. Joop den Uyl, the Premier, *warned on television* that "no one in Holland is guilty until it is proven."

Meanwhile, the Japanese Government sent Mr. Keisuke Arita, Deputy Foreign Minister, to Washington and decided to summon before the Diet some of the men so far named as Lockheed agents, or recipients of its pay-offs.

One man understood to be involved is known to be a close associate of both former Prime Minister Kakuei Tanaka and former Prime Minister Kishi, who was in power when the Lockheed F104 Starfighter was selected by Japan's Self-Defence Agency in 1960.

Other developments Page 4

Continued from Page 1

TUC seeks £2bn. boost

The TUC, however, makes it clear in the latest instalments of the draft document now being studied closely by TUC leaders, that the "unity of purpose and *method*" *which has been applied* to the problem of inflation over the past two years should now be turned towards tackling unemployment and the country's "industrial obsolescenece."

This underlines the TUC's preoccupation at present with the Government's new industrial strategy and the need for union leaders to be able to persuade their members to continue tolerating high levels of unemployment.

Reflecting some frustration at their failure to persuade the Government to adopt a more reflationary policy, the TUC's draft document says the unions would have liked the Government to have been "more expansionary" over the past two years and insists that an employment objective be set.

The TUC wants this objective to be to reduce unemployment *to 600,000 by 1978. It outlines* its overall policy in a chapter on the "role of the Budget" which calls for "balanced growth" and says this means "action on investment and the balance of trade as well as on current spend*ing*." *This would not mean* boosting consumer spending faster than economic output and should not be put off until next year, says the TUC. That would be too late to reach the unemployment target of 1978—a year presumably chosen by the TUC because it is a likely time for the next general election if the present Government runs near to its full course.

On import controls, the TUC calls for wide-ranging but selective measures that some critics will see as an escalation of the TUC's former concentration on short term controls. The TUC estimates that such controls would save up to £1.4bn. on the balance of payments a year.

Referring to its proposed boost of nearly £2bn. the TUC says: "The combination of import policies and the budgetary stimulus should allow a growth rate of 3 per cent. more than *that achievable under current* policies."

After these draft policies have been considered and probably amended, by the TUC economic committee to-morrow, they will go for approval to the TUC's general council in two weeks' time. Then they will be sent to the Chancellor who is expected to announce soon the date of a formal meeting he will be holding with the TUC around the end of the month.

Mr. Foot . . . expected to outline concessions.

Bid to beat Dock Work Bill revolt

By Richard Evans,
Lobby Correspondent

GOVERNMENT concessions on the controversial Dock Work Regulation Bill, to be outlined in the Commons to-day by Mr. Michael Foot, Employment Secretary, should prevent a revolt by Labour MPs in what promises to be the fiercest voting battle of the present Parliament.

To meet the criticisms of rival unions to the Transport and General Workers Union, Mr. Foot will announce that depots which have an existing agreement with non-dock unions will be offered exemp*tions from registration* under the proposed new Dock Labour Scheme.

This concession particularly affects warehouses and cold storage depots, which have in the past not been worked by registered dockers.

The legislation, which seeks to extend the dock labour scheme to all cargo-handling establishments within five miles of a waterfront, had to be delayed before Christmas because of protests from the unions.

These included the National Union of Railwaymen, the General and Municipal Workers Union, and the Transport Salaried Staffs Association, who feared their jobs would be taken by dockworkers from the TGWU.

Although Mr. Foot could not alter the Bill immediately because it had already received its first reading, he promised to introduce amendments during the committee stage.

Ministers are now confident the legislation will receive the support of all Labour MPs, including those sponsored by the critical unions.

But its passage through Parliament is bound to be hazardous because it is strongly opposed by the Conservatives, Liberals, Ulster Unionists and the Nationalist parties.

With a nominal overall majority of just one, and in the face of the combined challenge from all opposition parties, the Government Whips were nervously preparing yesterday for the division.

At best, the Government is unlikely to win by more than a handful, and further problems will have to be faced during the committee stage.

Editorial comment Page 14

Weather

COLD AND SHOWERY with clear intervals and rain particularly in Western areas exposed to strong winds.

London, E. Anglia, Southern England, the Midlands, E. England, Northern England

Dry and sunny at first scattered rain later with sleet or snow. Wind fresh. Max. 6C (43F).

Channel Isles, S.W. England

Showers and sunny intervals. Winds fresh. Max 7C (45F).

Wales, N.W. England, Lakes,

Frequent showers with sleet or snow on high ground. Winds strong to gale. Max. 5C (41F).

N.E. England, Borders, Edinburgh, Dundee and Aberdeen

Dry and sunny with night frost. Showers later with snow on hills. Winds strong to gale. Max. 4C (39F).

Outlook: Bright intervals and wintry showers, especially in the North.

Lightin-up: London 17.34, Manchester 17.37, Glasgow 17.38, Belfast 17.49.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amsterdm.	F	6	43	London	S	9	48
Athens	F	4	39	Luxmbrg.	Fg	2	36
Bahrain	R	21	70	Madrid	C	10	50
Barcelona	C	11	52	Manchstr.	R	6	43
Beirut	R	12	54	Melbourne	C	16	61
Belfast	C	12	54	Milan	S	5	41
Belgrade	S	−7	19	Montreal	S	−5	23
Berlin	C	0	32	Moscow	Sn	−6	21
Birmghm.	C	7	45	Munich	C	0	32
Bristol	R	9	48	Newcastle	R	5	41
Brussels	C	4	39	New York	S	1	34
Budapest	C	−6	21	*Oslo*	Sn	−4	25
B. Aires	S	24	75	Paris	C	5	41
Cairo	C	16	61	Perth	F	35	95
Cardiff	R	8	46	Reykjavik	Sn	0	32
Cologne	C	4	39	Rio de J'o	C	29	84
Copnhagn.	R	1	34	Rome	C	10	50
Edinburgh	C	9	48	Singapore	S	30	86
Frankfurt	C	3	37	Stockholm	Sn	−5	23
Geneva	C	2	36	Sydney	F	24	75
Glasgow	C	9	48	Tehran	S	13	55
Helsinki	C	−5	23	*Tel Aviv*	R	13	55
Hong Kong	C	17	63	Tokyo	S	9	48
Jo'burg	C	24	75	Toronto	S	−3	27
Lisbon	S	13	55	Vienna	S	−4	25

HOLIDAY RESORTS

Ajaccio	C	10	50	Jersey	C	8	46
Algiers	C	14	57	Locarno	S	5	41
Biarritz	R	8	46	*Luxor*	C	24	75
Bordeaux	C	10	50	Majorca	C	9	48
Boulogne	Fg	4	39	Malaga	F	17	63
Casablnca.	S	15	59	Malta	S	10	50
Cape Tn.	C	21	70	Nairobi	S	23	73
Corfu	S	9	48	Naples	S	9	48
Dubrovnik	S	8	46	Nassau	S	20	68
Faro	S	19	66	Nice	R	6	43
Florence	C	4	39	Nicosia	R	8	46
Funchal	C	16	61	Rhodes	S	3	37
Gibraltar	S	16	61	Salzburg	Sn	0	32
Guernsey	C	8	46	Tenerife	C	13	55
Inverness	R	10	50	Tunis	C	13	55
Is. of Man	C	8	46	Valencia	F	16	61
Istanbul	Sn	−2	28	Venice	S	5	41

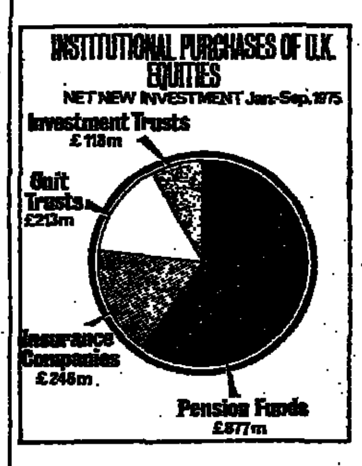
S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog

Snow reports, Page 29

THE LEX COLUMN

Growing impact of pension funds

Yesterday's market movements followed the pattern which has been emerging in the past few weeks of equities performing very much in line with gilt-edged. To some extent this may be because the Bank of England has been taking a leaf out of the Fed's book and following—at least to some extent—a money supply policy. But the increasing domination of the stock market by the long-term institutions—notably the pension funds—can also be expected to have this effect. Actuarial calculations, after all, are based very firmly upon yields, and very little upon market prices as such. In this, the long-term life insurance funds and the pension funds behave rather differently to



other institutional shareholders like unit and investment trusts.

The latest figures for the flows of institutional funds emphasise how the pension funds are taking an increasingly powerful position. In calendar 1974 insurance companies—taking long term and general funds together—were still pulling in more revenue than pension funds, at £1.91bn. against £1.67bn. During 1975, however, the pension funds were swelling massively, and in the third quarter their inflow jumped (presumably exceptionally) by as much as 83 per cent. compared with the comparable 1974 quarter. After nine months their revenue had reached £1.83bn., up two-thirds, and more than the £1.67bn. recorded by insurance companies in the same period.

The impact shows up dramatically in the figures for net new investment in Ordinary *shares. Pension funds* purchased £877m. of equities in January-September 1975, representing some 60 per cent. of all institutional equity investment in the period. Insurance com-

Index fell 8.1 to 399.6

panies, meanwhile, were concentrating on gilts, with purchases of over £1bn.

Incidentally, the figures reveal how the year-end burst of gilt-edged buying was financed, for the buoyant inflow of new money meant that the combined liquidity of pension funds and insurance companies, some £3.4bn. at the end of 1974, had only been run down to £3.1bn. by September.

The rise of the pension funds can be expected to have several implications. First, it makes equities more vulnerable to yield gap considerations at such times as long gilt yields are high, as they were in the autumn. An actuary can only justify buying equities with a yield gap over 9 per cent. if he can confidently project longer term dividend growth of at least that rate per annum. The fall in long gilt yields has cut the yield gap to about 8.4 per cent., which is less than the recent actual dividend growth rate; but some fund managers are looking anxiously to the possibility of a reduced dividend *growth limit to, say,* 7½ per cent. as part of the Stage 2 wages package.

Secondly, limitations of marketability for many shares make pension funds keen on rights issues and large secondary *placings as a passive way of* investing in equities. Indeed, the pattern of last year's equity investment — peaking in the second quarter — reflects the incidence of rights issues more than anything else.

The final point is that the rise of the big funds and the fading away of individual shareholders (individuals sold over £1.1bn. net of company securities in the first nine months of 1975) favours the large company as against the small. But we are still some way short of the point at which it would be right to start talking about a two-tier market.

Small shareholders

The costs to a company of servicing its small shareholders can be considerably greater than the dividend paid to them, and costs to a small shareholder of realising an investment can be equally onerous. The minimum Stock Exchange commission is now £7, although it is discretionary on very small deals. Cosalt, which has come up with a scheme to resolve this impasse, estimates that it costs £5 a year to serv[…]
name on its register, […]
equivalent to the divi[…]
185 shares.

Partly as a result of […] as a co-operative, a third of its sharehol[…] rently own under 3[…] of the equity between […] under 250 shares each: […] rent price is 36p. The […] has now undertaken t[…] costs of disposal, excep[…] gains, on transfers lod[…] it by shareholders […] category by the end […] month. Thereafter, t[…] will be grouped tog[…] larger blocks and sol[…] open market by the […] brokers, and sharehol[…] get the gross proceeds

Up to 100,000 sha[…] come up for sale, but […] ers expect that the act[…] will be much less tha[…] that there is no […] threat of indigestion […] ket which apparently […] 125,000 shares chan[…] last month. Since no […] compulsion was invo[…] looks on paper to be […] deal for both willing s[…] continuing shareholde[…]

Joviel

Joviel Properties […] doxically had to pe[…] winding-up just at a […] sales have been pickin[…] ning in the last quart[…] the level of the prev[…] months). The end […] *now rather than, say,* […] or so ago because its […] equity has eventu[…] eroded by the cost […] a land bank—bought […] the top of the market […] Some £900,000 of in[…] added to the cost o[…] ment land in 1973-74 […] over £1m. in 1975-76 […] after further provisio[…] land stocks, the fi[…] 1975-76 have reveal[…] ciency of £672,000 […] *holders' funds, and a* […] tial improvement" […] pected in 1975-76.

The group has bee[…] agree a financial rec[…] with its principal sec[…] tors (FC Finance an[…] North Central, acco[…] gether for about tw[…] total debt of £9m.), […] was to convert som[…] secured loans into a […] stock redeemable […] years. Agreement […] forthcoming. Joviel […] a small equity base e[…] best of times—prior t[…] in 1972 the group had […] of debt and £540,000 […] holders' funds.

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